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100th Congress, 1st Session

H. Rept. No. 100-433 S. Rept. No. 100-216

Report of the Congressional Committees Investigating the

Iran-Contra Affair

Appendix B: Volume 20
Depositions

Lee H. Hamilton, *Chairman*,
House Select Committee
Daniel K. Inouye, *Chairman*,
Senate Select Committee

U.S. House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

U.S. Senate Select Committee
On Secret Military Assistance to Iran
And the Nicaraguan Opposition

November 13, 1987.—Committed to the Committee of the Whole House
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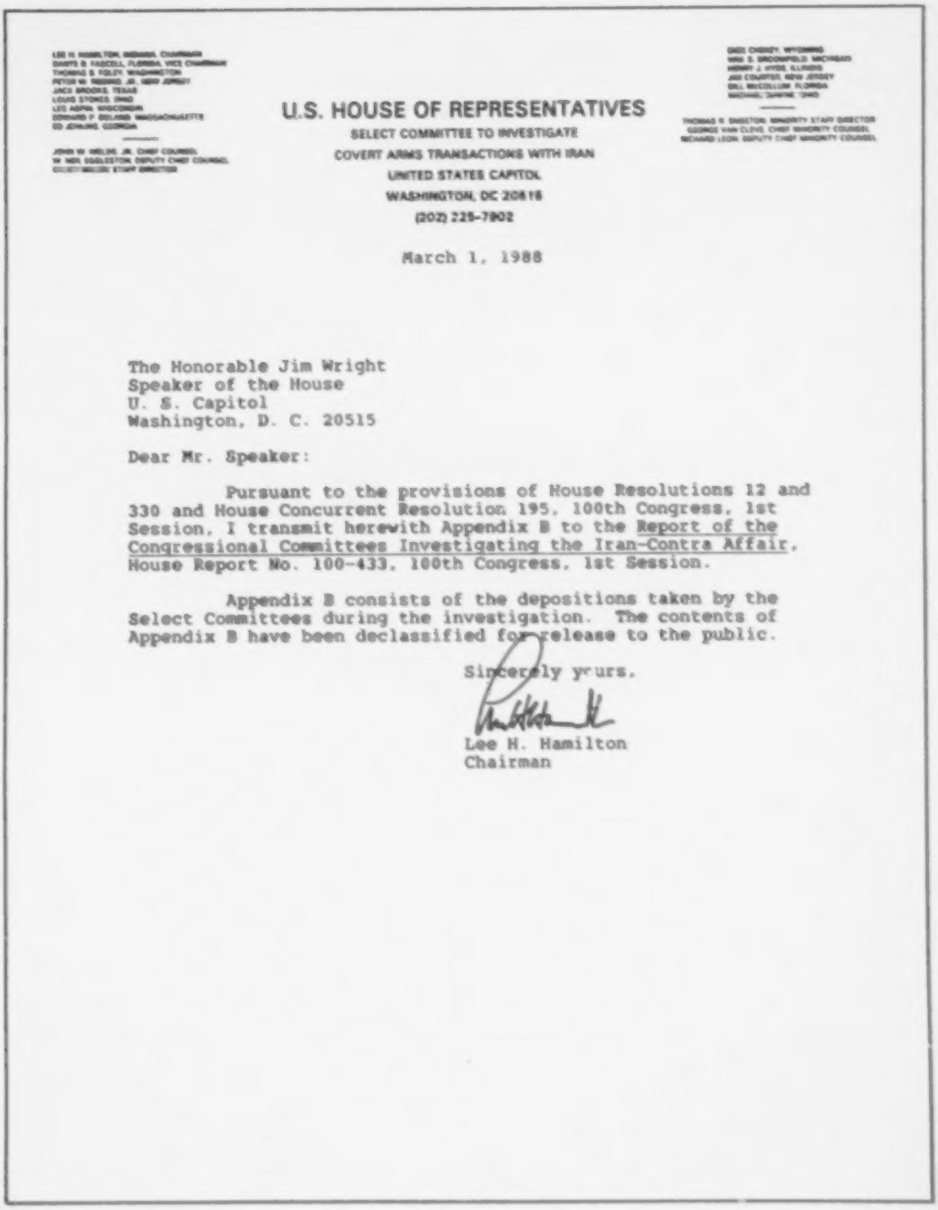


U.S. HOUSE OF REPRESENTATIVES
SELECT COMMITTEE TO INVESTIGATE
COVERT ARMS TRANSACTIONS WITH IRAN
UNITED STATES CAPITOL
WASHINGTON, DC 20515
(202) 225-7902

March 1, 1988

The Honorable Jim Wright
Speaker of the House
U. S. Capitol
Washington, D. C. 20515

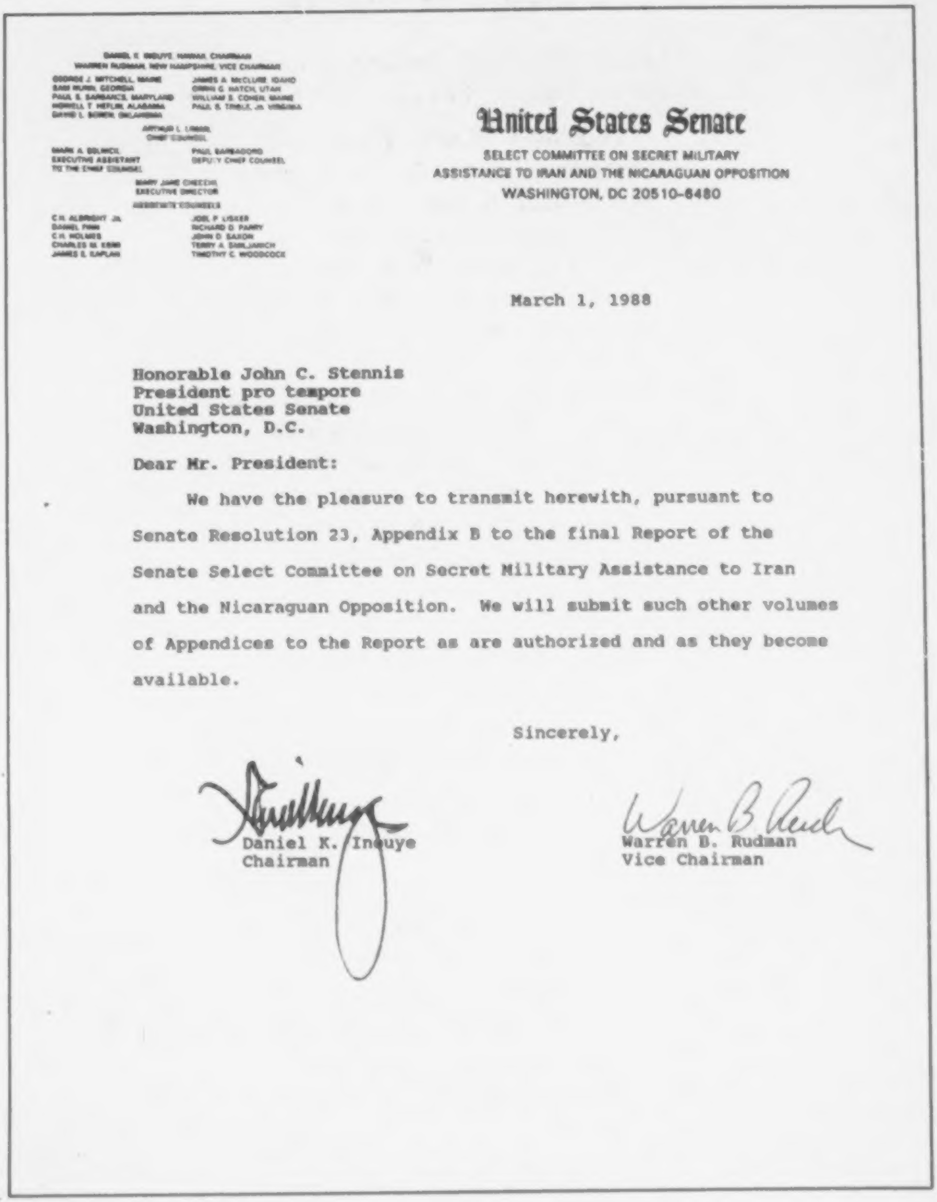
Dear Mr. Speaker:

Pursuant to the provisions of House Resolutions 12 and 330 and House Concurrent Resolution 195, 100th Congress, 1st Session, I transmit herewith Appendix B to the Report of the Congressional Committees Investigating the Iran-Contra Affair, House Report No. 100-433, 100th Congress, 1st Session.

Appendix B consists of the depositions taken by the Select Committees during the investigation. The contents of Appendix B have been declassified for release to the public.

Sincerely yours,

Lee H. Hamilton
Chairman



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United States Senate

SELECT COMMITTEE ON SECRET MILITARY
ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION
WASHINGTON, DC 20510-6480

March 1, 1988

Honorable John C. Stennis
President pro tempore
United States Senate
Washington, D.C.

Dear Mr. President:

We have the pleasure to transmit herewith, pursuant to Senate Resolution 23, Appendix B to the final Report of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition. We will submit such other volumes of Appendices to the Report as are authorized and as they become available.

Sincerely,

Daniel K. Inouye
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Preface

The House Select Committee to Investigate Covert Arms Transactions with Iran and the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, under authority contained in the resolutions establishing them (H. Res. 12 and S. Res. 23, respectively), deposed approximately 290 individuals over the course of their 10-month joint investigation.

The use of depositions enabled the Select Committees to take sworn responses to specific interrogatories, and thereby to obtain information under oath for the written record and develop lines of inquiry for the public hearings.

Select Committees Members and staff counsel, including House minority counsel, determined who would be deposed, then sought subpoenas from the Chairmen of the Select Committees, when appropriate, to compel the individuals to appear in nonpublic sessions for questioning under oath. Many deponents received separate subpoenas ordering them to produce certain written documents.

Members and staff traveled throughout the United States and abroad to meet with deponents. All depositions were stenographically reported or tape-recorded and later transcribed and duly authenticated. Deponents had the right to review their statements after transcription and to suggest factual and technical corrections to the Select Committees.

At the depositions, deponents could assert their fifth amendment privilege to avoid self-incrimination by refusing to answer specific questions. They were also entitled to legal representation. Most Federal Government deponents were represented by lawyers from their agency; the majority of private individuals retained their own counsel.

The Select Committees, after obtaining the requisite court orders, granted limited or "use" immunity to about 20 deponents. Such immunity means that, while a deposed individual could no longer invoke the fifth amendment to avoid answering a question, his or her compelled responses—or leads or collateral evidence based on those responses—could not be used in any subsequent criminal prosecution of that individual, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with the court order.

An executive branch Declassification Committee, located in the White House, assisted the Committee by reviewing each page of deposition transcript and some exhibits and identifying classified matter relating to national security. Some depositions were not reviewed or could not be declassified for security reasons.

In addition, members of the House Select Committee staff corrected obvious typographical errors by hand and deleted personal and proprietary information not considered germane to the investigation.

In these *Depositions* volumes, some of the deposition transcripts are followed by exhibits. The exhibits—documentary evidence—were developed by Select Committees' staff in the course of the Select Committees' investigation or were provided by the deponent in response to a subpoena. In some cases, where the number of exhibits was very large, the House Select Committee staff chose for inclusion in the *Depositions* volumes selected documents. All of the original exhibits are stored with the rest of the Select Committees' documents with the National Archives and Records Administration and are available for public inspection subject to the respective rules of the House and Senate.

The 27 volumes of the *Depositions* appendix, totalling more than 30,000 pages, consist of photocopies of declassified, hand-corrected typewritten transcripts and declassified exhibits. Deponents appear in alphabetical order.

Publications of the House and Senate Select Committees

Report of the Congressional Committees Investigating the Iran-Contra Affair, 1 volume, 1987.

Appendix A: *Source Documents,* 2 volumes, 1988.
Appendix B: *Depositions,* 27 volumes, 1988.
Appendix C: *Chronology of Events,* 1 volume, 1988.

All publications of the Select Committees are available from the U.S. Government Printing Office.

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H-515-72/871

DOTSON
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DEPOSITION OF LANGHORNE ANTHONY MOTLEY

Thursday, June 25, 1987

U.S. House of Representatives,

Select Committee to Investigate Covert Arms Transactions with Iran,

Washington, D. C.

The committee met, pursuant to call, at 10:00 a.m., in Room B-352, Rayburn House Office Building, Terry Smiljanich presiding.

On behalf of the Senate Select Committee: Terry Smiljanich.

On behalf of the Federal Bureau of Investigation: Timothy E. Traylor, Special Agent.

On behalf of the Witness: Richard C. Warmer, O'Melveny & Meyers, 1800 M Street, N.W., Washington, D. C. 20036

4068

Partially Declassified/Released on 12-22-87
under provisions of E.O. 12356
by N. Menan, National Security Council

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Langhorne Anthony Motley	
By Mr. Smiljanich	3

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Whereupon,

LANGHORNE ANTHONY MOTLEY

was called as a witness and, having been previously duly sworn, was examined and testified as follows:

EXAMINATION ON BEHALF OF

THE SENATE SELECT COMMITTEE

BY MR. SMILJANICH:

Q State your full name for the record.

A Langhorne, L-a-n-g-h-o-r-n-e, Anthony, last name, Motley, M-o-t-l-e-y.

Q You served as Assistant Secretary for Inter-American Affairs in the Department of State for a period of time; is that correct?

A That's correct.

Q Give us the date of your tenure as Assistant Secretary.

A It was, as I recall, the first week of July of '83 through the 1st of July of '85.

Q Just prior to that, you had been Ambassador to, I believe, Bolivia?

A Brazil.

Q What were the years you were Ambassador to Brazil?

A 1981 to July 3, 1983.

Q Could you give us a quick rundown of the background of your educational experience?

A Yes. I was born and raised in Rio de Janeiro, Brazil. My father owned an oil company there. I went to college there. I graduated in 1960 with a degree in political science. I went into the Air Force shortly thereafter as a regular officer, and spent ten years in the Air Force. My assignment was two years in Panama, three years in Alaska and two years between Texas and Alabama.

In 1970, I resigned my commission as a regular officer, and I entered the real estate development business in Alaska.

In 1975, I entered the state government as a commissioner, which was Secretary of the Department of Commerce, subsequently Commerce and Economic Development. I served in that position for two years, the period the pipeline was being built. In January of 1978, I resigned my position, with a handful of people formed a non-profit organization called Citizens for Management of Alaskan Lands.

Congress at that time was undertaking the Alaska lands issue, which was in essence a planning and zoning effort on all the Federal lands in Alaska. That was supposed to last six weeks; it lasted four years. So I lived in Anchorage and worked in Washington for four years, a rather long commute.

That issue was over virtually in the waning days of '80. I returned to Alaska. In September of '81, after having been nominated by the President and confirmed by the Senate, I went to Brazil as U.S. Ambassador.

In May of '83, I was approached about possibly taking over as Assistant Secretary, a vacancy.

Q Your predecessor was Tom Enders?

A Yes.

Q Go ahead.

A And on short notice, I left Brazil, resigned as Ambassador, and came back and took over in July of '83.

Q What is your current occupation?

A I have a company called L. A. Motley & Co., which is a corporation. We deal in foreign trade and investment matters, both U.S. interests overseas, foreign interests to the United States, and in some cases, totally third-party interests involving the U.S.

Q Now, when you became Assistant Secretary in July of 1983, what was the existing structure of the Department -- or, perhaps you can tell us what you did in terms of the organization of the Bureau when you came into it.

A All right. Well, the responsibility as Assistant Secretary for Inter-American Affairs covers formulating and implementing foreign policy, broadly speaking, relations of the United States with 33 countries, everything south of the Rio Grande River. That includes some 26 embassies, and I don't know how many posts.

Obviously, the focus at that time was the Central American issue. The structure of the State Department is such the regional assistant secretaries report directly to the Secretary. That is the chain of command.

The Bureau is so structured on both a functional and geographic basis, and each assistant secretary has his own management style. I chose to break the Bureau into five deputy assistant secretaries and realign the offices and tasks along those lines. They were both functional and geographical: Central America, South America and the Caribbean. Brazil and Mexico kind of acted on their own because they are just big enough they didn't fit under this although the deputy assistant secretary for South America had responsibilities for Brazil.

I then had a deputy assistant secretary that would cover the operational, administrative area, and you had another one that covered the equivalent -- equivalent position which covered the economic and financial aspects, because, although Central America was number one in the headlines as far as most people would think about, the issue that had come to a head was a deeper but not so visible problem.

Q Who was your deputy assistant secretary for Central American Affairs?

A It was Craig Johnstone.

Q Was he a career serviceman?

A Yes.

Q Your senior deputy assistant secretary was who?

A Was Jim Michaels.

Q Was there in existence when you became assistant secretary a restricted interagency group dealing with Latin American Affairs?

A There was both an IG and a subpart of that, an RIG. They were not separate but contractions of one to the other.

Q Could you expand on that a little bit? What was in place?

A What was in place was both an IG -- I served as chairman. The main players by agencies were as follows: Department of State, myself as chairman -- I'll go through the agencies first. The Department of State, the Office of the Secretary of Defense, the Chairman of the Joint Chiefs of Staff, the Central Intelligence Agency, the National Security Council. These were the main players.

Now, the IG as such, which was ongoing throughout, would include representatives from, depending on the issue, Agriculture, Commerce, USTR, Treasury and other agencies. For instance, when we looked at the economic sanctions, on whether or not to impose sanctions on Nicaragua, when you looked at how do you implement the Jackson Plan as it was being developed, after it is developed, how do you implement it, this is something all these agencies --

Q In other words, it would expand from the Central depending on the issues it was dealing with?

A Yes.

Q How did the RIG fit into this?

A The RIG was essentially the five main players. It would differentiate whether it was an IG or RIG by mainly the cut-off. The normal RIG was the five agencies. On other occasions, others would come to it depending -- the RIG was mainly the five agencies represented.

Q Now, during your tenure as assistant secretary, let's go down the five central players and get a listing of the people, not a comprehensive listing, but the people who would normally attend or have an open invitation to attend a RIG meeting starting with the State Department.

A I would be the chair, Craig Johnston more likely would be the deputy assistant secretary, Jim Michaels was there quite often, on occasion another deputy assistant secretary by the name of Tony Gillespie, because he had operation responsibilities, liaison with the Intelligence

Communities for my Bureau, and under Craig Johnstone, the office director for Central America, Shawn Smith, also a Foreign Service Officer.

Within the State Department at different times, depending on the issues, you might have a representative from INR, you might have a representative from a political military bureau, and one, on a rare occasion, may be more than one, but rare, the Office of Public Policy.

Q At that time, was that Otto Reich?

A That's right.

Q With regard to INR's presence on the RIG, would their involvement be in connection with -- for example, if you all were talking about covert operations in Central America, is that something that INR would usually participate in?

A After a period of time. Initially that wasn't correct and then for a variety of reasons, the Secretary decided that he wanted to restructure the overall covert activities in which he put all of that in the hands -- at his level -- in the hands of Under Secretary Mike Armacost. Mike Armacost then looked to INR, because they do have a charter for liaison with the Intelligence Committees on covert actions that come from within the Central Intelligence Agency, within the rubric of liaison with the Intelligence Community. So depending on how strongly they felt about coming or not coming, and the issues, they came to the meetings.

From an operational sense, there is always a healthy friction between geographic bureaus and functional bureaus. It is the normal rub and pull that happens.

Q Would it be fair to say INR was not a rare participant?

A Well, throughout the whole period of time there was probably a period of time of almost a year they didn't participate; then after that, they would participate in -- yes, they were more than rare. But in the first year, they didn't participate.

Q All right. But in your last year, let's say July of '84 to July of '85, they were a fairly regular participant in the RIG meetings, weren't they?

A Yes.

Q Who usually would attend from INR?

A McNeil when he came back into that job, was the major person to come in.

Q Let me put it another way, too. Would it be fair to say that you certainly, and during your tenure as assistant secretary, did not exclude INR, specifically exclude INR from participation in the RIG?

A That is correct. I wouldn't necessarily overly encourage it, but I wouldn't exclude it. Now, the reason is this. INR serves a very useful function: Being the Secretary's intelligence analyst of situations, and he would draw on them and we would draw on them. Whereas a function of the RIG was to analyze the situation, it also was a policy formulation, and, as in any bureaucratic forum, you want to make sure the guy stays in the position in which he was posted. There wasn't any friction between Mike and I; we understood each other perfectly. If they felt a need to participate, fine.

Q INR brought a certain expertise within their field to the RIG meetings; is that right?

A In what manner?

Q Their expertise in connection with their familiarity with intelligence matters, covert operations, matters such as that. Isn't that what they would bring to the RIG?

A At that stage of the game, I can't attest as to how much INR knew about the methodology of covert operations. I assume it was something, but it wasn't evident to me because I didn't deal with them on that basis.

What they brought was, I thought, the synthesizing analytical situation of the intelligence that dealt with what is the situation in Iran. They spent an inordinate amount of their time, for instance, with the guys at DEA, CIA trying to figure out how many contras there were, how much Russian equipment was, military equipment, was getting in and this kind of stuff. It was a very, very difficult job, and there are always differences of opinion.

I saw their focus as in that respect.

Q What was your opinion of Frank McNeil's expertise in that area, in this field?

A McNeil is a first-class officer. He has got a good analytical mind. He has familiarity with intelligence sources and methods. He has an ability to gauge, I think, good judgment of credibility, credence you put on different sources. He also brought to the table an understanding of Central America.

Q You got along well with Ambassador McNeil; is that correct?

A Yes. He is a very good officer. He is feisty. He and I understood each other.

Q Assistant Secretary Abrams was your successor; is that correct?

A Yes.

Q Now, Assistant Secretary Abrams stated to us that his perception was when he became assistant secretary that INR did not attend at all RIG meetings and never attended RIG meetings at any time.

Now, that was a false perception; is that correct?

A Well, let me just tell you, you asked me the question. They were a regular participant in the last year. I don't know what Elliott based his perception on.

Q Obviously that was a false perception.

My question is, did you and he have any discussions when he came in to become assistant secretary about the organization of the RIG and the participation of INR?

A To my recollection, no. As you and I discussed before, the transition between Elliott and I followed to a certain degree the same transition I experienced with Tom Enders. What I did with Elliott is the day the President made an announcement of his appointment, I took him through the whole Bureau to meet everybody. I sat down with Jim Michaels and the rest of the staff and said, "There is a briefing being set up for Elliott." I told Elliott that I would be available to answer any questions you would want in any area, but I wasn't going to impose myself in the middle of his briefing, and then I went on to run the Bureau.

Elliott and I did not have to any extent -- he may have asked isolated questions, but I don't recall any in-depth discussion of whether INR participated or not. It may have happened, but I don't remember.

Q It would be fair to say, wouldn't it, that one of your primary missions during your tenure as assistant secretary was to attempt to get Congress and the public to support the administration policy in Central America?

A I probably spent more time on that one issue than all the rest of them combined.

Q Now, in mid 1984, the new legislation imposed a cut-off of funds for --

A You are talking about October --

Q I'm talking about October 1, Boland II, I think it is referred to at times.

When that law came into effect -- first of all, it didn't come as a complete surprise, did it? You all were expecting something like this to perhaps be coming down the pike?

A What we had learned to expect is that you had an ebb and flow in the degrees of congressional support. I think what I have found from my perception of how other people view this thing, outside of those dealing with it at the time, was that October, '84, Boland Amendment --

Q Let's stop.

(Recess.)

BY MR. SMILJANICH:

Q Go ahead.

A So there was always a constant threat of a change in the level of congressional support and/or agreement with the Executive Branch which way to go. So every one of these watersheds, periods would be something you could say it could go bad or good.

What people forget is that almost identical language to Boland II was in the CR that was in conference in October, '83, and didn't survive the Congress. So it wasn't like ho-hum -- it was a constant battle all the time trying to get some kind of parallel or perception of what the Executive Branch wanted to do or Congress was prepared to do.

I'm not saying Boland II was not a significant piece of legislation. What I'm saying, this battle went on all the time. It would come at you in appropriations legislation, there were tactics on both sides.

Q It would be fair to say, wouldn't it, Boland II didn't blind-side you in terms of knowing there was a distinct possibility there would be an aid cut-off?

A No, it didn't blind-side in the sense of a surprise. It inhibited the Executive Branch's ability to carry out its policy.

Q In connection with that serious impact it would have upon administration policy, what can you tell us about any discussions that were held within Government that you participated in dealing with preparation for Boland II or how to handle it, what to do?

A There were a variety of discussions, and some of the discussions took place in the Executive Branch settings also. I mean, it was a subject that if this happens, what happens type of thing.

I can remember Senator Moynihan on a variety of occasions in the Senate Intelligence Committee saying "you guys are going to have to issue 50,000 passports here, face up to it. This thing is going to get cut off," so on and so forth. So it was a subtle understanding but it was obvious that by the spring of '84, those moneys that had been allocated, authorized, appropriated by Congress for the contras was getting near running out.

So there was -- you were looking at a short-term lack of resources. In addition to this, it was obvious to us Congress was not going to be able to do much until the CR. It happens about that time. So there was discussion back and forth.

The Agency, the Central Intelligence Agency, which was the agency in charge, did briefings to the Congress saying, "We got X millions of dollars amount; we are cutting back subsistence, make sure these guys have three squares a day," and this kind of stuff.

My focus was to attempt to get a favorable resolution. I can tell you a lot of people came up in October, '83. Kind of dramatic circumstances. But it got done. I was hopeful we could do it again. We weren't.

So a lot of my focus was in trying to get the legislation.

Q Well, what conclusions were reached with regard to what -- strike that.

I understand you are not a lawyer.

A That's correct.

Q But it was part of your job, I would assume, to reach some kind of conclusion about what was allowable and what wasn't allowable under the existing circumstances once Boland II came into effect?

A Post-Boland II.

Q What conclusions did you reach with regard to what was allowable activity in connection with support for the contras?

A The conclusion that I reached, obviously, the law in my mind proscribed the State Department, among others, giving assistance, indirect assistance to them. I understood that. And so we governed our actions on that basis.

It didn't mean we didn't keep going back to Congress trying to get the money. But I understood that we were not to engage -- as one of those named or identified in legislation as a Government agency -- was not supposed to directly or indirectly assist the contras. It's kind of a broad statement.

Q In other words, when the legislation referred to the CIA, the Department of Defense and any other agency engaged in intelligence activities, you understood that to include the State Department as an entity that was not allowed to --

A Absolutely.

Q -- allowed to engage in direct or indirect support to the contras?

A Exactly.

Q In fact, along that line, let me read to you a quote that's attributed to you during a hearing before Congress. According to this, you testified at the time that the restriction was written in "pretty plain English no money should be spent directly or indirectly promoting the contra war. The message was just stop." That is not complicated, and it is not micromanagement.

A I don't think that last part was in quotes.

Q I'm sorry. The term "micromanagement" -- those are not your words?

A No. If you look at it closely, you will find --

Q Strike that question.

A I'll tell you another thing in regards to this. If you go back through the transcript, you will find that, a not unusual event, in several different newspaper articles there is a juxtaposition. I'm not saying they are taking it out of context or anything else, something that happened on page 96 would be added to something that appears on 97. I'm telling you, having gone back and read the transcripts after reading this, if you want to read off the transcript, fine.

Q Is it true you referred to the Boland II amendment as pretty plain English?

A Yes.

Q Let me back up for a second. I had not completed my survey of the RIG and the usual participants. We went through the people at the State Department. Who usually attended from the Office of the Secretary of Defense?

A Nestor Sanchez, who was deputy assistant secretary for SIA.

Q And the Joint Chiefs of Staff?

A Vice Admiral Burrough.

Q Off the record.

(Discussion off the record.)

BY MR. SMILJANICH:

Q Who was the usual participant from the Agency?

A In the first, through about the summer of '84, late summer, maybe early fall of '84, Duane Clarridge.

Q And after that?

A After that, for about a period of about four or five months, it was his successor in charge of Latin America on the DDO side, whose name escapes me right now.

Then he was, towards the last two or three months I was there, he was replaced as the regular participant by [redacted] who was head of what they call the Central America Task Force.

In essence, what they did was, I believe, and I have to check this, but I believe what they did was they gave Dewey's successor responsibilities for all Latin America and Central America. Even though [redacted] worked for this guy, this guy was put more -- [redacted] was put more in Central America.

Q Okay. And from the National Security Council, who was there?

A Several at different times. Probably the longest throughout the two-year period of time, the most regular participant was Oliver North.

Q Who else would sometimes attend?

A There would be Constantine Menges, Jackie Tillman, a fellow, it was a State Department officer --

Q Ray Burghardt?

A Ray Burghardt. I think that's about it. There would be different ones in and out. Each had different responsibilities. It was kind of fuzzy as to who was the real NSC.

Q What do you mean by that? In other words, who at the NSC when it came to Latin American Affairs and when specifically came to matters involving the Nicaraguan opposition --

A The reason I say it's kind of fuzzy is that RIG, you should understand, covered everything in Latin America, not just Central America. It would depend to a certain degree what the issue was, and, secondly, whatever the issue was, who was doing what to whom.

Q When the RIG dealt with Central American Affairs and specifically Nicaraguan affairs, did you have a clear understanding as to the division of responsibility at the NSC staff for those matters?

A I had a clear understanding there didn't appear to be a clear division of responsibilities in NSC. Everybody wanted to play that part.

The way they are organized, it is looser and depends on whomever has been internally tasked. It is not as compartmentalized as our operations are.

Q Oliver North was a frequent participant at the RIG meetings?

A Yes.

Q Now, going back to where I had left off when we were discussing the implementation of Boland II and your activities and the activities of the Bureau during that time, did you ever have any discussions with Oliver North about his understanding of what Boland II allowed and didn't allow?

A . Yes. I had one discussion with him in my office following a RIG meeting, the time I'm not sure, but it must have been within a reasonably short period of time after the passage of Boland II.

Q So this would have been sometime in 1984?

A Yes.

Q Go ahead. What was discussed at that time?

A I don't know how the subject came up or what prompted it, but I brought it up, and, in essence, I said to Ollie that I felt that the language of Boland II proscribed to all of us that were in a RIG direct or indirect support.

Ollie said -- let me strike that. He said the NSC, as part of the White House, is not an intelligence agency. I think I was more surprised by the comment because I never thought of it in that context. I just never thought it through. I just assumed it, and I didn't -- so in my surprise, I said, Well, that's something I hadn't thought of and he might have wanted to seek appropriate counsel on that subject. That was the end of the discussion.

Q He indicated to you that he did not feel that Boland II applied to his activities at the NSC because the NSC was not an agency engaged in intelligence --

A Right.

Q You were somewhat surprised?

A I never thought about it in that context. I wasn't disputing his assertion.

Q But you weren't agreeing with it either?

A No. I was surprised by it. Once having been surprised, I didn't quote People v. Schwartz and shoot down his argument.

Q You suggested to him he might want to seek legal counsel on that?

A Yes. It wasn't my job to tell him what his job description was.

Q Did he tell you he had obtained any kind of legal counsel on the issue?

A I don't recall.

Q Now, in connection with what could or couldn't be done in view of Boland II, were there any discussions that you participated in or heard of concerning whether or not private American groups could fill the breach in Central America given the inability of the Government to use appropriated funds?

A Well, even before the cut-off, it was evident if by nothing else than reading the papers that there were private groups in the United States that felt strongly enough about the issue to supply money, goods many times.

Through that period of time from when I got there until before Boland, there were groups that would gather Christmas toys or food and bandages. In fact, there was an issue that came out in the paper recalling congressional inquiries in regard to National Guard airplanes on missions going there taking some of this stuff. It was a subject -- and, at the same time, there were private groups supporting the Sandinista position.

Were there private efforts? Yes, we were aware of such. I was aware of it from reading the newspapers.

Q I understand that. My question specifically, though, is whether or not there were any discussions about turning to these groups to engage in activities the Government was now proscribed from doing.

A Your phrase "turning to," I'm not trying to nit-pick. Your question might imply the Government then says, Okay, we have to ge here, we have to go here.

Q That's what I'm suggesting.

A So in that context, the answer is no.

Q Okay.

A There were obviously discussions the money was drying up and there wasn't going to be any and somehow these guys had to live, sure. It is obvious.

Q But --

A They were undertaking their own fund-raising efforts.

Q I understand. But there was no, to your knowledge, unconscious decision to have people in the Government such as Oliver North deal directly with these private groups to see to it that they did things in furtherance of our policy in Central America because the Government could no longer engage in those activities; a conscious decision to do it rather than simply knowing they were already doing it?

A I was unaware of any conscious decision or discussion.

Q Did you have any perception that Lieutenant Colonel North had any connection with private groups operating in Central America?

A Colonel North had strong feelings on the issue of the contras and the role they played. The rest of us did -- all of us felt strongly. Anybody who examined .that policy from the Executive Branch -- I'll tell you my feelings.

I felt that the presence of the contras was fundamental to carrying out the purpose of the policy. I consider the contras as an instrument of U.S. national policy. I will let every other guy describe how he felt about it. I think that -- so I felt strongly about it. I think Colonel North also felt strongly about it as part of the policy, and also as part of an entity, a group per se. A differentiation between the two.

Q But my specific question is whether or not you had any perception beyond that about his connection with --

A I think it would be fair to state -- knowing how strongly he felt about the contras as an entity as opposed to a policy, I would not have been surprised if he had talked with people and been in contact with people whose aims were to raise money for the contras.

If you see Ollie North as I saw him, dedicated, a person with strong feeling on the issue, it would not be unusual for him to enter into that kind of discussion, contacts.

Q But were you aware, did you have any specific knowledge of his involvement?

A No. No.

Q There has been public testimony now before both committees relating to what other witnesses have said about Colonel North's activities during -- let me take the time frame of mid-1984 to mid-1985 when you were assistant secretary for Latin American Affairs, in which witnesses have alleged Colonel North passed military intelligence to the contras, had a supply of Traveler's checks in his office and made payments to contra leaders. It is fair to say you were not aware of any of those activities of

Colonel North?

A. I knew nothing about Traveler's checks. With regard to the issue of passing intelligence, it wasn't in Colonel North's job description to do that.

Throughout this whole period of time, there was always an issue about sharing intelligence or not. Congress later clarified that point: The conduit for passing that intelligence goes through the Central Intelligence Agency. If, in fact, the decision was made or not made, that was the conduit to do it.

To answer your question, the answer is no.

Q Certainly it was your perception it would not be in any event part of Colonel North's job description to be the conduit for military intelligence to the contras?

A That's correct. With the caveat I don't write his job description nor give him his instructions.

Q I'm just talking about your perception of the matter.

A That's correct.

Q Again on the same topic of general discussions about what Boland meant and what could or couldn't be done, do you recall that -- this would have been when James Baker was Chief of Staff, before he became Secretary of Treasury. Do you recall Jim Baker being very, very clear and emphatic in his opinion about the Boland Amendment, that it was clear to him there could be no involvement of any of the Government agencies with the contras during the cut-off period?

A What sticks in my mind is a statement made by then Chief of Staff Jim Baker at a meeting in the Situation Room at the White House. Obviously it had something to do with Latin America. Otherwise, why would I be there? The matter which he said was, as much as we might not like the Boland Amendment and what it did as far as cutting down our options, the facts were clear the U.S. Government had to stick to the law. I can't recall -- I'm paraphrasing what he said because I can't recall his exact words. That was the impact in my mind. It was a strong statement.

Q That was the time Robert McFarlane was National Security Adviser; is that correct?

A That's correct.

Q Do you recall Mr. McFarlane rendering any opinion or did you have any impression as to his view of the matter?

A He never rendered an opinion that I can recall. And I never discussed it with him at length other than the fact that we would have empathized how difficult it made, or how we felt how detrimental it was to the interest of the United States to have that restriction. I'm not suggesting that he was fighting --

Q In June of 1984, there was an NSPG meeting which -- I'm not suggesting you were there, I don't think you were -- an NSPG meeting which discussed specifically the possibility of going to third countries to make contributions or render aid directly to the contras in view of the U.S. inability to do so because of the aid restrictions. Do you recall there being discussions up to the NSPG level of that matter during that time frame?

A That subject was discussed. Whether it was June or after Boland or just before Boland, I don't know, but it was also a subject of congressional inquiry.

At congressional hearings you got questions asked before that period of time on the subject of third countries.

I was unaware of any solicitation made to any third country throughout the period that I was there.

With the passage of Boland, there was at least, to my knowledge, a political decision made, which is a sieve below a legal interpretation of Boland. You have two sieves if you operate in Government: Should you do this from a policy or political aspect, and can you or can't you from a legal aspect. The first sieve is political. In my mind it was very clear, and there was, if not discussion, implicit instructions from the Secretary -- my understanding --

Q You mean the Secretary of State?

A State. That for political reasons, we would not solicit. At that time it was done for political reasoning. The reasoning I will give you is this. As I see it, many of the countries that could have been solicited or been contributors were recipients of foreign aid, U.S. foreign aid. You didn't have to be clairvoyant to understand sharp opponents to the administration policy would try to make the case, wait a minute, you guys are soliciting from these guys, and that gets out in the record and clouds the issue. It is a tough one to say, no, I'm not mad, type of approach.

So from a political point of view -- and I know, I went up there and testified on the issue many times, I'm not about to get into that. I didn't think it served us any purpose in that sense. So there was a -- there was no doubt in my mind it was political. It was a political decision. I understood. There wouldn't be any solicitations made by the Department of State.

I was only concerned about the Department of State. I don't mean to say only the Department of State.

Q Let me make this clear now -- Later in the time period, in mid to late 1985, Congress, the Department of State --

A I was gone by then.

Q -- authorized the Department of State to solicit third parties?

I understand that. Before that specific language in the legislation, I'm talking about that time frame, I understood that the Department of State certainly was not going to be doing this activity, soliciting third countries during the time you were there; is that correct?

A That's correct.

Q Now, did you also have an understanding that that was going to apply to other parts of the Government also, such as the NSC, Department of Defense, anyone else? Were there discussions about whether other agencies could or could not do that?

A No, it didn't enter into the discussion. I just focused on the Department of State.

There's one aspect of this whole issue, donations and/or solicitations from foreign countries. Another aspect other than this, you are not going to deal in foreign aid kind of thing. There are several countries in the world that have a competing mirror image, North Korea, South Korea, Taiwan, the Republic of China, Israel, the Arab States, North Africa, black Africa. Those issues, zionism, other issues get debated ad nauseum at forums like the United Nations and other places. It is not unusual for the countries on both sides of that issue in Latin America to go around and try to win friends, because Latin America is 33 countries, that's 33 votes. Some of them don't have relations with different ones. So it is not an unusual event to find one or the other of these countries on their own motion, if you would, trying to curry favors.

I can give you examples of the Republic of China going to the Island of Dominique wanting to erect a cultural center and do all kinds of things. What is the national interest of the Republic of China and the Island of Dominique? I just point this out to you because I think in this whole thing of solicitation, it is in their self-interest to do those kinds of things.

Again, it gets kind of fuzzy. It is an aspect many people use. I see it in Guyana, Suriname, the Republic of China, Taiwan, each trying to vie --

Q Were there any discussions about the second sieve concerning third-country solicitation, that is whether it could be done, whether it was legal?

A I don't recall any specific legal debate, discussion of the issue because from my mind, that first sieve had been passed so you didn't have to go to the second sieve. I don't remember any, "let's write a legal memorandum, let's have a meeting to discuss the legal aspects." I don't remember that aspect of this thing.

The first sieve stopped so you just go on to the second one. I think in most people's minds, if they thought about it, they would say it is questionable.

Q Now, you were not aware of any solicitations made either by the Department of State or any other entity of Government during your tenture as assistant secretary?

A That's right.

Q So if [redacted] was approached and contributed $2 million in 1984, that is something you are totally unaware of.

A Absolutely.

Q And you were not aware of any discussions that Colonel North may have had with [redacted] [redacted] as to use false or end-user certificates for [redacted] in an attempt to get aid to the contras? You were not aware of any approaches Colonel North made to [redacted] on that issue?

A No. There is only one incident, the specifics of which I don't recall, and I believe it was [redacted], the NSC, in an unusual procedure sent a cable to the ambassador, Michaels can give you more specifics on this and Craig Johnstone -- instructions, as I recall, by cable were to inform [redacted] or solicit from [redacted], something to do with arms coming to [redacted]. I think it may have involved different -- I'm not even sure it is [redacted]. That doesn't ring a bell. It may have been some other -- when we became aware of that, we instructed the ambassador to disregard that cable, not carry out those instructions --

Q Did you do this by further cable?

A No, we did this orally by secure telephone. And then went back to the NSC and pointed out to them, in our opinion, I think in that case it was a violation of the Export Control Act.

You said [redacted]. I don't ever remember [redacted] and this probably would not be a violation of the Export Control Act, but you mentioned [redacted] and it rang a bell.

Q What was the time frame, do you recall? '84, '85?

A I think it must have been '84 sometime. But the NSC backed off and that was the end of that.

Q Who at the NSC was doing this?

A I'm not sure. I can't, I think McFarlane made the final decision to back off. I can't speak as to whether he was involved -- I mean, we get into this thing halfway, the ambassador says I have a cable --

Q Something he got directly from NSC?

A Right. Michaels or Johnstone can give you more specifics.

Q Was [redacted] the ambassador then?

A I really don't remember. It may have been his predecessor.

It was an unusual procedure. Ambassadors receive their instructions from the Secretary of State. Ambassadors are ambassadors for all the United States, the President's personal representative.

The way instructions normally goes is from the Secretary of State, and it is unusual and I think in rare exceptions unhealthy for ambassadors to be receiving instructions from Africa or whatever.

Q You were not aware of any contributions by the [redacted] during your tenure?

A No. [redacted] somebody will say [redacted] were -- you know, a congressional question that says, all right, did [redacted] give money to [redacted] --

Q You had no personal knowledge?

A No. I found out the guy was putting up a million dollars a month. It came as a great surprise to me.

Q I'm almost done.

[redacted]

Q Let me just ask you, did you take any trips to Central America with Colonel North?

A I don't think so. The trips I took to Central America were either solo or with Harry Slaughterman. On one occasion I went to Cap Weinberger. I don't think -- I can't remember whether Ollie was on that trip or not. But I took no other trips.

Q I know all of the activity, all the testimony that has been developed so far in connection with this secret airstrip in northern Costa Rica all took place after your tenure as assistant secretary. My question is simply:

When you -- given your involvement in Latin American Affairs and your tenure as assistant secretary, candidly what was your reaction when you read about this secret airstrip [redacted] in northern Costa Rica? What was your reaction?

A If somebody had asked me whether we would be able to do that, my answer would have been no. So from that point of view, I thought it was a significant event in that sense.

I always got the feeling the Costa Ricans were short of that kind of visible support. The Costa Ricans have kind of a different, paradoxical relations view of Nicaragua.

If you run a poll in Costa Rica today and ask the question, who do you hate the most, Somoza or the Sandinistas, they would say Somoza.

Ask a second question: Who do you fear the most? Overwhelmingly the Sandinistas. Because Somoza didn't have any territorial -- there was a revolution without frontiers, any of this stuff. These guys worry about that. It is a very convcluted feeling they have.

Q Well, would you agree with this statement: A covert airstrip being used or going to be used to help resupply the contras in Nicaragua located in northern Costa Rica with the knowledge of and some participation by the American embassy in Costa Rica and [redacted] is a matter of extreme significance with regard to U.S.-Costa Rican bilateral relations? Would you agree with that?

A I would deem the most significant aspect of that question, that statement is the effect it has when it becomes public.

Q In what sense?

A Well, in the sense that maybe in Costa Rica's own best interest, they decided they want to support. The body politic and the climate is such we are neutral and we don't do that. If you have public exposure of this information, it puts their government in an embarrassing position.

Q Let me ask you this hypothetical question. If you as assistant secretary had heard that a private American group had negotiated with the Costa Rican government for permission to put in a resupply airstrip to assist the contras in southern Nicaragua, you as assistant secretary would want to know more about that, wouldn't you?

A Yes.

MR. SMILJANICH: That's all I have.

I'm sorry. Let me pursue that one last question.

BY MR. SMILJANICH:

Q Why would you want to know more about that?

A Because of the -- I guess because it is part of the thing you put forward in the first question. I'm leading off with that was the involvement of the embassy, [redacted] and the rest of it. You know, if a rancher decides to put in a strip, fine, but when you start bringing the U.S. Government into it, then it starts affecting the bilateral relations.

It was definitely a hypothetical question. You asked for my reaction. I gave it to you. It was based on your two questions.

Q Let me exclude the involvement of the American embassy for a minute. If you knew that [redacted] considered this as a covert, secret matter that was not to be discussed and that the airstrip was going to be used [redacted] was going to be used to supply contras in southern Nicaragua, if you heard about that, you would want to become more informed about that topic, wouldn't you?

A Yes, in the sense you always want to build up your body of knowledge of what it is, the capabilities of the contras and Sandinistas.

Now, as I say, you keep complicating this issue by saying [redacted]. Well, [redacted] isn't an official -- there is explicit letters signed by the President hammered out between Department of State and the Central Intelligence Agency that specifies who does what to whom and who has a right to know. If the CIA [redacted] conducts in any manner any kind of representations on behalf of the U.S. Government or acting in the U.S. Government capacity to make this happen, he is conducting an operation within the area of authority, the ambassador has a total right to know about.

So if the ambassador doesn't know, then [redacted] is in serious violation of a hammered-out agreement. If the ambassador does know, then [redacted] has not violated that.

But then what happens after that is a whole different function. I teach a course at the State Department for new U.S. ambassadors. We go through the letters of the President, the letters of the Secretary of State. These agreements are modified by every President. There is enough body of experience out there to be able to tell. A CIA [redacted] cannot operate in that kind of manner, without informing him and concurrence of the ambassador.

Q If the ambassador knows about it and it is a significant matter, the regional assistant secretary should know about it likewise; isn't that correct?

A Should.

MR. SMILJANICH: That's all.

MR. TRAYLOR: No questions.

(Whereupon, at 11:15 a.m., the deposition was adjourned.)

end emm

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RPTS BOYUM

DCMN SPRADLING

DEPOSITION OF DAVID P. MULLIGAN

Monday, February 2, 1987
and Tuesday, February 3, 1987

House of Representatives,
Select Committee to Investigate
Covert Arms Transactions with
Iran,
Washington, D.C.

The select committee met, pursuant to call, at 11:00 a.m., at Headquarters, Southern Air Transport, Venadades Building, 6th Floor, Miami International Airport, Miami, Florida, Charles Tiefer, Special Deputy Chief Counsel to the Select Committee, presiding.

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MR. TIEFER: Let's go on the record.

My name is Charles Tiefer I am Special Deputy Chief Counsel of the House Select Committee to Investigate Covert Arms Transactions with Iran, pursuant to House Resolution 12, 100th Congress, First Session.

If the witness would take the oath at this point.

Whereupon, DAVID P. MULLIGAN, after having been first duly sworn, was called as a witness and testified as follows:

MR. TIEFER: Mr. Mulligan, if you would state your name and address.

THE WITNESS: David Phillips Mulligan, [redacted].

MR. TIEFER: We will adjourn your deposition until tomorrow.

[Whereupon, at 11:04 a.m., the select committee was adjourned, to reconvene at 1:00 p.m. on Tuesday, February 3, 1987.]

RPTS BOYUM

DCMN SPRADLING

[1:00 p.m.]

MR. TIEFER: Mr. Mulligan, you recall yesterday I introduced myself on the record, and you were sworn and you gave your name and address.

THE WITNESS: Yes.

MR. TIEFER: You understand that you are still testifying subject to that oath.

THE WITNESS: Yes.

MR. TIEFER: And that the oath requires you to testify truthfully subject to the penalty of perjury.

THE WITNESS: Yes.

EXAMINATION

BY MR. TIEFER:

Q If we could go through your background, starting with your education briefly, and what jobs you held successively after you graduated?

A I was born and raised in New Britain, Connecticut. I attended Darrow School in New Lebanon, New York, Colgate University in Hamilton, New York, and after college I obtained my pilot's licenses and in 1968 I went to work for Overseas National Airways whose headquarters was in New York.

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I worked with Overseas National until 1976, in 1977 I joined Air Florida, in 1978 I became the Chief Pilot, in 1979 I became Staff VP of Flight Operations, in 1980 I became Corporate VP, Flight Operations, and resigned that position on 19--March of 1984 to join Southern Air Transport as Senior Vice President of Operations.

Currently I hold that position.

Q How did you come to decide to come to Southern Air Transport?

A I had known on a personal level Bill Langton for five years, not intimately but we were acquaintances and Bill joined Southern in 1983, moved to Miami, we renewed our relationship and he a number of times had asked me to join the company. I weighed the decision, Air Florida's financial fortunes did not look altogether too promising at that time, so I decided to take him up on his offer and that was six months prior to them entering into Chapter 11.

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DCMN MILTON

. Q All right. Do you retain currently your pilot's license?

. A No. I still have a valid pilot's license, but I do not maintain ''currency.''

. Q One of the primary purposes of our relatively short deposition today is going to be to show you a lot of documents and to try to identify them. They have been previously produced by Southern Air Transport to the House investigation.

. You should study them as long as you feel the need, but you may find that you are not going to be questioned closely on each line of them.

. A All right.

. Q I show you documents numbered 419 through 430, and ask you if you recognize the type of form.

. A 419, this is an accounting form that goes to the CAB or DOT now. I think either Finance or Bob Pearson puts this together. I'm not sure. Finance Department, I guess. I don't normally deal with these forms. That will take you all the way from 419 through 430.

. Q You may not normally deal with them. Do you deal with them enough to understand them?

. A I think I am intelligent enough to read it and understand it but I don't deal enough--I don't even deal with them at all, but it is pretty self-explanatory.

Q I may ask you if you are familiar with some of the flights that are identified on it.

A Okay.

Q They happen to have been produced in reverse chronological order, so I will start at the back and come ~~forward.~~ That seems a little odd.

Page 428, which is the earlier sheet.

A Yes.

Q On line 24 there is a notation about a B-707 flight.

A Yes.

Q An LOS to [redacted]

A Yes.

Q Are you familiar with that flight?

A What is the date of operation?

Q You see the form in the upper right corner with a period, ending December 31, 1985.

A But I don't have a date for that.

Q If your answer is that without a specific date you would not be familiar with the flight, then--

A That is a fair statement.

Q All right.

I may then forego the rest of them because there are no dates of specific flights on any of them. I will not mark this as an exhibit; the witness did not recognize them.

. I show you document 1783 and 1784, and ask you if you recognize this type of form.

. A Yes, our standard aircraft log for the 707.

. Q If you could start in the upper left corner and work your way through explaining what each block of information means, it is not so much the particular flight being of any great significance as to explain what the columns on the form mean generally.

. A You want me to go through every block?

. Q You can do it in a way that it doesn't take a long time, that would be fine.

. A I think some are self-explanatory, date, type of aircraft, the tail number.

. Q Let's slow down. Do you know what the date signifies on this form?

. A This is the date of operation for this particular flight, or flights if more than one are listed on the log.

. Q And the aircraft type?

. A 707.

. Q And going to the next column, what is that?

. A That is the registration number of the aircraft, in this case November, 525 Sierra Juliet.

. Q Who provides those tail numbers?

. A They are assigned permanently to the aircraft by the FAA.

. Q Does Southern Air Transport register each aircraft?

. A Yes.

. Q And is the number provided when registration occurs?

. A Yes, and in this case what Southern Air Transport has done is we have with the FAA reserved a block of numbers so they are sequentially issued at our request, so our 707s are 523, 524, 525; if we put additional airplanes on, they will be 526, 527. So we have a block of numbers reserved for Southern Air.

. Q Are you familiar with the--even in a general way--with the requirements of the FAA as far as registration, what must be registered and what does not have to be registered?

. A In a general way.

. Q Is Southern Air Transport required to register a plane as soon as it purchases the plane or as soon as it operates the plane or for what it is required to register the plane?

. A It would be prior to operating the aircraft the airplane must be registered. If we purchase an airplane it does not necessarily have to be registered by U.S. registration.

As an example, if we leased an airplane from a foreign country, the law now enables us to operate that airplane with a foreign registration without converting it to U.S. registration, providing the bilaterals between the two countries permit it.

. Q Do you have to register a plane if you are not going to operate it within the United States?

. A Yes.

. Q But will operate it overseas?

. A If we put it on our operations specifications, it has to be registered to the company. Or let me restate that; that is not exactly the case. It has to be listed in our operations specifications but the airplane can still be registered to a third party.

. Q Once you register a plane with the FAA, what further information does the FAA require you to provide as the plane is being operated? Do you have to give them information on each flight that is made?

. A No.

. Q Do you have to make periodic reports?

. A No.

. Q Do you have to do anything to maintain the currency of the registration?

. A I think it is renewed either on an annual or biannual basis. I am not sure.

Q And--

A The registration does expire and the exact term of it I am not sure. I can't offhand recall.

Q Southern Air Transport were periodically--

A Renews registrations.

Q Who within Southern Air Transport handles that?

A Our Engineering Department which is a part of maintenance.

Q Continuing on with the form then, reading across in the upper right corner, there is a number.

A Yes.

Q What is the significance of that number?

A You are talking about in this case 2526?

Q Yes.

A That is a--that identifies that particular log page number, they are sequentially going to, you go to the next one, it is 2527, that is in order to ensure the wholeness of the document so in other words, from a maintenance standpoint, you can't--this provides there will be no missing pages. In other words, if the page is used for maintenance only and does not reflect a flight, it will be written on the page, maintenance only, but it ensures that when the documents are turned over to another party, that they are whole.

Q When you say the whole document, what is the relationship of sequential pages to each other? Is it the same aircraft, the same company, the same day?

. A No, you get a--this log book represents about 50 pages and I think it is 50 pages. In this case probably 2501 to 2550 were issued to this airplane. Once that log book is used up, it will be issued another log book, also go sequentially numbered pages, but not necessarily following in this order.

. Q Okay. Let's go on. We go back to the left side of the page. Would you explain the boxes, the blocks on the left side of the page?

. A We have captain's name, initial, employee name, number, his signature.

. Q Those can you--can you tell me who those relate to--I don't mean the particular person. Will it be one person who has a number and signature?

. A No, if you go across, captain's name is first, followed by his first initial, followed by his company employee number. And the captain is required to, is the only one required to sign the log page. That is his signature.

. If you continue across on the blanks that are not filled in, ACM stands for additional crew member, last name, initial, employee name and number. Obviously, in this case, up on those lines there was nobody onboard. You go down to the next line, that is the first officer, his initial, his employee number, and the next one it says ACM. In this case, McDermott, he was load master on this flight, his employee number, and then ACMs are blank there.

. Then you go to the next line, that is the flight engineer, his initial, his employee number, and then ACMs are left blank because those constituted the only people onboard the airplane.

. Q Now, can you explain to me the significance of the employee numbers? Who assigns them? Are they reported to the Government in any way?

. A No, they are employee numbers. What is the mystery with that?

. Q Southern Air Transport gives each employee a number?

. A Yes.

. Q Do they give each employee a number whether he is a person who flies planes or not?

. A All employees have employee numbers.

. Q And they don't--to your knowledge, is Southern Air Transport required to inform FAA of who its employees are and what the numbers are?

. A No.

. Q Continuing on the form, where it says ''flight number'' and on to the right, if you explain what those blocks are.

. A ''Flight number'' in this case, the number assigned to this trip was 525, and the routing is from Brownsville, Texas, to Lisbon. ''Out'' means the time it blocked out under its own power; ''off'' means the time of lift-off; ''on'' means the time of landing, and ''in'' means the time it stopped at the gate or wherever it parked.

. Q The flight number, would you explain the significance of that?

. A In this case it appears this was a ferry flight, so for flight number, we just assign the last, the tail number of the airplane becomes the flight number in that case.

. Q And the blocks as you continue along?

. A Total flight, total block, the flight was a duration of 9.2 airborne, that is wheels off to wheels on. The block time, that is from out to in, was 9.6 hours.

. The next column, it says LNDS, with the C and F under that column, with a line through the F indicates that the first officer made the landing.

. Q What would a mark in the other column be?

. A Means the captain made the landing. Fuel added in gallons was not recorded there, but I would have to presume they added fuel. So I don't know why they didn't add it here.

. The next one is fuel onboard in pounds. When they blocked out of Brownsville, they had 138,000 pounds of fuel. When they arrived at Lisbon, they had 29,000 pounds of fuel remaining. They added, oil added to the various engines, and it shows that there was no oil added. That is about all you can say for going across there.

. Q Go right ahead on the next line underneath.

. A Mileage?

. Q Yes.

. A Mileage is the total air mileage between Brownsville and Lisbon. Renew cargo shows no entry, so it was a ferry flight; it was empty.

. There was a delay out of Brownsville for seven hours and looks like 50 minutes for maintenance.

. Q Could we slow down? On revenue cargo, if there is a number in there, what would the number signify?

. A Total weight of the freight.

. Q In pounds?

. A In pounds.

. Q Okay. You were saying about delay length.

. A There was a delay of seven hours, 50 minutes for some maintenance reason. It doesn't specify.

. Q Skipping down to the lower left corner, can you explain what each of the entries in the lower left corner signify?

. A This page, et cetera?

. Q Yes.

. A It is scratched out but it appears it is 44,000, whatever. That was total time that had been flown on that aircraft prior to this flight.

. Then the next entry is 9.2 and if you look up, that corresponds with the total flight up above. You add that to the 44,000 and odd hours and that gives you a new total, and it gives you the ability to correct on that page for arithmatical mistakes.

. Q And in the lower right corner?

. A Okay. It indicates that an A check was completed--

. Q Is that a particular type of maintenance?

. A Yes, that is a very minor, minor check, basically a glorified preflight check.

. Q Fine. Let's skip the rest of the blocks. If you look at the following page, page 1784, and just look at the routing.

. A Yes.

. Q Or at any other columns helpful to you. Is this a continuation of the same flight of the same aircraft? That is on page 1783.

. A Yes.

. Q And you know that because?

. A Two reasons: one, the dates, it is the next date, and the sequence of the log page numbers.

. Q Okay. Do you also have to check that the tail number is the same?

. A Yes. You would do that, too, sure.

. Q Can you describe the routing of this next flight of the same plane?

. A Yes, departing Lisbon and went to Santa Maria in the Azores; from the Azores went to Antigua; Antigua, it went to KJP--they had a mechanical. It is probably Kingston.

. Q How do you know it is a mechanical?

. A Dave just reminded me we had a problem. I forgot about that.

. Q Can you tell anything from what is written there that you had a mechanical?

. A No. I can't see it here unless I am missing something obvious.

. Q Don't work on it. I am mostly trying to understand the significance of each block of letters.

. From the AMU, that signifies Antigua?

. A Yes.

. Q Does the MJKP signify Kingston?

. A Yes.

. Q If you would continue on with the flight.

. A From Kingston they went to, looks like [redacted] but my recollection of that flight was that it went to and the correct designator, three-letter designator for was [redacted] I think the crew didn't know it and they phonetically came up with [redacted]. From [redacted] they ferried to Brownsville.

. Q . Okay. Who, before we get on with that, who fills out this form and when do they fill it out?

. A Generally, it is the copilot fills it out, and the flight engineer will make some entries, and the captain will sign it, generally speaking.

. Q Is one copy made or more than one copy?

. A No, there are about three or four copies.

. Q Where does each go?

. A The yellow copy comes to OPS, the pink stays in the book with the airplane for a period of time, and the white gets mailed to maintenance or went into maintenance, Miami maintenance.

. Q What does OPS do with it, and what do you mean by OPS?

. A Operations. They take the times off the log sheet to verify that their entries that they record down there are correct, for bookkeeping.

. Q Anything else?

. A Yes, they stay there for about 90 days.

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DCMN PARKER

. Q Do they make copies to provide to anybody?

. A Not unless somebody requests it. Maintenance has their copies, and they distribute it. Their copies within the maintenance organization, planning needs them for records and quality control needs them, people like that, standard housekeeping chores.

. Q Do any copies go to the government?

. A No.

. Q Does the government ever come around to inspect these?

. A Yes.

. Q Under what circumstances?

. A Primarily as a maintenance function. They just check to see if you are maintaining the airport in accordance with the FARs. They can do that by checking log book pages. They check write-ups and sign-offs to see if there are proper sign-offs on discrepancies, things of that nature.

. They check to see if you have not overgone any check intervals.

. Q That would be done by the FAA?

. A Yes, maintenance people within the FAA that are assigned to us.

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Q Have other government agencies such as Customs ever come around to inspect Southern Air Transport aircraft for violations that you know--logs that you now?

A Aircraft logs? Not that I am aware of. Not to say it hasn't happened, but I don't know what they would get out of aircraft logs.

Q Is the information entered by any department into data processing?

A Yes, record keeping.

Q Which department does that?

A Our data processing department takes the master log, takes the log and enters it in. There is an individual that is assigned to that function.

Q But does operations provide them a copy from which to work or does maintenance provide them a copy from which to work? Who provides the copy to the data processing section?

A I think maintenance provides them a copy.

Q And is all the information put on computer or only some?

A Just some of it. Time is, names of crew members.

Q Is the routing put on data processing?

A Yes.

Q Do you know how long the information is maintained on data processing?

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. A No.

. Q Do you have any idea whether it is more than a year or less than that?

. A I don't know.

. Q Okay. Now, are you familiar with this particular flight that is recorded? Do you recollect it or have some knowledge of it?

. A Some vague recollection.

. Q What is your recollection?

. A Not much--I remember that he had, after he got out of Antigua that he had a problem retracting the gear, and I can't remember whether it was the nose gear or whatever the problem was, and that is why he did go into Kingston, and evidently got the problem fixed in Kingston, and then proceeded on to [redacted] and was able to get full at [redacted] and ferry back.

. I know of no other unusual recollections about the flight.

. Q As part of your supervision of operations, are you aware what cargos, generally speaking, are carried, whether they are, say, hazardous or non-hazardous?

. A Sometimes, sometimes they are not. We have an awful lot of flights every day, and there are probably a number of flights operating right now that has hazardous material on them, but I am not aware of it.

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Q There is no space on this form that signifies the nature of the cargo; is that correct?

A No.

Q Do you keep other forms--does operations keep other forms that reflect the nature of the cargo?

A Well, on international flights you have the shippers export documents. You will have HAZMAT forms--

Q Slow down. You are using shorthand again. Shippers export documents.

A Yes, SEDZ.

Q Go ahead, the other one?

A You will have HAZMAT approvals.

Q What is a HAZMAT.

A I don't know what the form number is, but it is a form that allows you to go on if you are doing an international operation.

MR. VAN CLEVE: Is this short for hazardous materials?

THE WITNESS: Yes.

MR. VAN CLEVE: This is probably through the Commerce Department.

THE WITNESS: It is FAA, I believe.

BY MR. TIEFER:

Q What other forms reflect the nature of the cargo?

A The cargo manifests, and if there is an airway bill to cover the freight.

. Q Which of these--let's go back to each shippers export form. Who in Southern Transport prepares that?

. A It depends on whose--

. Q Which department?

. A In some cases the Sales Department handles them. In other times, Systems Operations has handled them.

. Q Which is your department?

. A Which is my department. One of my departments. It can vary.

. Q Can you explain when your department does it and another department does it?

. A In the case--that is a pretty good question.

. BY MR. KIRSTEIN:

. Q Can I check with him?

. MR. TIEFER: Sure.

. BY MR. KIRSTEIN:

. Q The shippers export document would only relate to a flight from the U.S. to somewhere, so it wouldn't have been prepared in connection with a flight like this.

. A The other one you ask--who does it, you know, that is a very good question, because there have been times when either the department has done it for no particular reason that I can recall, and I don't get that intimately involved in it, in my little area.

. Q Does the shipper prepare it for himself sometime?

. A Yes, the shipper can provide a lot of it.

. BY MR. TIEFER:

. Q I won't go through the complete routing of those documents. Do you have a knowledge of whether the shippers export document, when you have it within SAT, is put in data processing?

. A It probably is not. I can't imagine why it would.

. Q Then there is a hazardous materials form. Who within SAT prepares that?

. A Bob P~~ea~~oirson usually handles that.

. Q What is his position?

. A He is director of systems operations.

. Q So he works under you?

. A Yes.

. Q And is that form put on data processing?

. A No.

. Q Cargo manifests, who prepares that?

. A The shipper.

. Q Does a copy come to Southern Air Transport?

. A Yes.

. Q Who keeps it?

. A We keep a copy in operations for about 90 days, and then dispose of it.

. Q And the airway bill, what is the airway bill? What

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is it for?

A I am not sales, and legally I don't know exactly what it is, but--

MR. KIRSTEIN: You are the witness.

BY MR. TIEFER:

Q Let me explain on that point. There may be questions where someone else in the company would know much better than you.

A Bob Mason would know that.

Q No doubt.

A Specifically, what an airway bill and the legal requirements for it are, I don't know.

Q Nevertheless, I may ask you if you have knowledge and even if your knowledge is much less than anyone else's, I would like to have your knowledge. What is your knowledge of what an airway bill is?

A It is a piece of--a form that accompanies the freight listing, what the freight is and the numbers assigned to that shipment, and I guess it is used for tracking purposes.

Q Down where that goes on data processing within Southern Air Transport?

A No, I don't believe it does.

Q To your knowledge is there any form kept on data processing in Southern Air Transport which records the name

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of a cargo being shipped?

. A To my knowledge, no.

. Q Let's leave the world of forms.

. A Good.

. Q And come to a set of documents that were produced to us in the nature of an Iran file. We will take them one by one. I will show you page 787 and ask you if you recognize it.

. BY MR. KIRSTEIN:

. Q If you have never seen it before that is an acceptable answer.

. A I think I have. I think I have.

. BY MR. TIEFER:

. Q What can you tell me about it? Not deducing it from what you see, but your sense of it from your recollection. For one thing, do you recognize the handwriting?

. A Yes. I think it is. I believe this writing is Bob P~~ea~~rson's.
el

. MR. TIEFER: Let's mark the previous two forms that we discussed, 1783 and 1784 as Exhibit 1 in this deposition.

. [The following document was marked as Exhibit DPM-1 for identification:]

xxxxxxxxxx INSERT 1B-1 xxxxxxxxx/

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THE WITNESS: The only problem I have is that this form has no date on it, but I am--I think I am familiar with this piece of paper.

BY MR. TIEFER:

Q Okay.

A Do you want me to talk away at it?

Q Sure.

A I don't recall the dates or I can't even vaguely pinpoint it right now, but this was probably used in discussions on a trip that I had up to Washington regarding these exact routings that were shown here.

Q So it was prepared by Bob Poirson.

A Poirson, P-O-I-R-S-O-N.

Q For you to take with you?

A Yes.

Q And what was the purpose of preparing it? What was it for?

A We were just discussing whether we could indeed fly these trips, whether we had the aircraft available within certain windows to actually complete them within a given time. That is especially for the 707 and the Herc. The L-100 was just an exercise. I don't recall. There was some discussion about using a Herc, but I think the price was too high.

The payload was too low. It was not a good value.

Q It may be useful before we go through all these documents--

A Tell you what, I have a better recollection now. I remember seeing this, but this is not a form that I used, not a trip I made. I think it was some other people made it, now that I think about it, because I had made some trips to Washington and discussed these very things, but not with this form because, as I recall, I did mine over the phone.

Q All right. I don't want to go--excuse me. I don't want to go at this time into a lot of detail about the Iran flights, but since we will be showing you a lot of Iran documents, it might be useful if I asked you to give like a 3 to 5-minute description of your sequence when you learned that there were going to be such flights, what your part was in them, not to get a lot of detail, but so the documents will make some sense.

Each document is not a coherent chronology of the story.

A Okay. I don't have a John Dean memory.

Q Well, we can't all be John Dean. Go right ahead.

A You want me to give you the 3 to 5 now?

Q Sure.

A Well, with that preface, I am very sketchy on dates, but Bill Langton, our President, approached me about doing some operations into Iran. At that time, the cargo was unspecified. We talked about aircraft routing, how we could do it, and at a later date shortly thereafter I found the point of departure was Tel Aviv, which was a little perplexing in trying to figure out how we could route the airplanes in there quietly.

We came up with a basic game plan of down through the Red Sea and up on in. Sometime after that, I can't remember how long, maybe a month or two, it kind of died off and then it came back.

There was more discussion on it. I traveled to Washington for the day with Bill Langton and met with Dick Gadd. Further discussions on the subject--inclusive, but discussions. I think after that, I am a little sketchy here. Paul Gilchrist may have traveled to Washington to meet with Dick Gadd, and Dick Secord, but I traveled to Washington with Gilchrist and met with Dick Gadd and Dick Secord and discussed more details, and I am sorry to admit I can't remember whether we had already--we had not flown a trip at this point, but we had discussions about [redacted] passports at that time, who would be traveling.

They would not say who was going to travel at that point in time, although we were led to believe that McFarland was going to make a trip. He was referred to as Mr. Good.

After that meeting we discussed aircraft routings and times--how we could accommodate it because we had a real shortage of aircraft availability and we had to jockey our system around in order to accommodate the trips from the U.S. into Tel Aviv and back.

. We were finally able to do that, and basically that is it in a nut shell.

. Q That is it for that flight. Were there more than one flight to Iran?

. A Yes, and I didn't travel. What basically happened is I kind of got out of the hoop on all this because Paul was flying the trips. Paul Gilchrist was flying the trips, and it was a weight of management, my time, to be intimately involved because he was going to be doing it and he can represent the company just as well as I could in these discussions, so I kind of got out of it, and most of the discussions were between Langton and Gilchrist, to Gadd or mainly to Gadd, I guess.

. Q Let's see with that maybe we can fit the documents in.

. The document that is page 787 came up at what point?

. A I don't recall. This was on a trip that Gilchrist and Tootle made to meet with Gadd, and I don't recall the date of that.

. Q Was it in preparation for the flight that you just

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described?

A It may have been. Or it may have been another one. I don't recall.

Q Whose writing do you recognize there?

A The numbers and schedule are Bob Poirson's writing, and the names down here in the lower left, that is in Paul Gilchrist's handwriting.

Q Okay.

MR. TIEFER: Let's mark page 787 as Exhibit 2.

[The following document was marked as Exhibit DPM-2 for identification:]

*********** INSERT 1B-2 **********/

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BY MR. TIEFER:

Q I show you pages 788, and 789 and ask you if you recognize them?

A 788 I can't even read. No, I don't recognize that.

Q All right. page 789?

A Yes, I recognize 789.

Q Can you describe, identify it, explain what it is?

A This was a list that was prepared by Bob Poirson for Paul on questions that he wanted answered on one of his trips to Washington, but I don't recall which trip.

MR. TIEFER: Let's mark page 789 as the next exhibit.

[The following document was marked as Exhibit DPM-3 for identification:]

xxxxxxxxxx INSERT 1B-3 xxxxxxxxx/

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BY MR. TIEFER:

Q I show you pages 818 thorugh 821 and ask you if you can identify these.

A Yes. I believe this represents Paul's notes on his first trip, I believe, first trip to Tel Aviv and then on. That is all I know.

Q Do you know what was done with these after he prepared these?

A He prepared these on ATC in our office himself, and gave a copy to--let me read it and then give a copy to Bill Langton, and then I don't know what happened to them thereafter.

Q Were they ever prepared in a less rough form, ever redone?

A He thought this was pretty rough. I am sure-- I don't know. I don't want to speak for Paul.

Q You have no knowledge of any other version being prepared?

A No.

MR. TIEFER: Let's mark page 818 through 821 as Exhibit 4.

[The following document was marked as Exhibit DPM-4 for identification:]

xxxxxxxxxx INSERT 1B-4 xxxxxxxxx/

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BY MR. TIEFER:

Q I show you page 822. Do you recognize it?

A No.

Q I show you page 823. Do you recognize that?

A Unless--

Q I don't mean to rush you.

A Well, unless 822 may be the end of Paul's report--I think he made some recommendations, didn't he?

Q All right. On that basis, let's make page 822 a final page to the exhibit previously marked. That will be part of Exhibit 4, DPM-4.

Is it possible that page 823 is part of the same document; perhaps not? Do you recognize page 823?

A No, but you want speculation?

Q No, I don't want speculation, but if you have a basis for recognizing it, I would be interested.

A I wouldn't think it would be part of his report, although it is a map of that area, and you see these numbers written in, those are probably wind velocity and direction and temperatures at altitude.

Q You were not familiar with this, so I won't make it an exhibit.

I will ask you if you recognize page 830.

A No.

Q I will ask you if you recognize pages 831, to 834.

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. A No.

. Q Do you recognize pages 834 and 834B?

. A No, it is a standard form we send out on most charter flights, but I have not seen this one. I mean, I have no need to have seen it. I haven't seen either one of these. These are nuts and bolts things that I don't get involved with.

. Q I understand. From your knowledge of the way this matter was run, is it likely that Paul Gilchrist would be familiar with these particular documents?

. A He might have seen them, he might not have.

. Q I show you a series of documents from 1760 through 1777, and abk you if you have seen these.

. A He can give you some numbers. I saw 1762.

. Q If you will do it that way, why don't you read the name on each form where you know--saw the form?

. A Frank Bell's secrecy oath.

. Q Okay.

. A 1764, David P. Mulligan's secrecy oath. Those are the only ones I have seen.

. Q Is there a way you can give an explanation as to why you saw two in particular, and not the rest?

. A One was mine. The other one was Frank Bell's who is our manager of crew scheduling, and I had him sign it. He really had no knowledge of what was going on, but in case he did, surmise what was going on. He was now sworn to secrecy, but he really didn't have any idea.

. Q Can you explain the background around which you came to sign such a form?

. A I think Bill Langton asked me to sign it.

. Q At what point in this matter did that occur?

. A I can't even remember.

. Q Was it before the flight took place or after?

. A I can't even remember.

. MR. TIEFER: Let's mark the two, 1762 and 1764, the two you recognized as the next exhibit.

. [The following document was marked as Exhibit DPM-5 for identification:]

xxxxxxxxxx INSERT 1B-5 xxxxxxxxx/

DCMN STEVENS

BY MR. TIEFER:

Q I will show you a page, 731, which has a number of names and boxes sort of on a tree, you are not familiar with that, you have not seen this page before, have you?

A No.

Q But you recognize some of the names?

A Yes.

Q Can you say which names you recognize and whether they work--whether they have worked at any time at Southern Air Transport?

A I recognize William Cooper--

Q And for each one, if you would say a little about when you believed they worked at Southern Air Transport?

A Cooper, to my knowledge, never worked at Southern Air.

Q What do you recognize him from?

A He was coordinating the maintenance activities for the C-123s and the C-7s as they came through Miami heading south. That is my association with Cooper.

[redacted] worked for us and I guess he went down south and did some maintenance for them down there. He works for us now.

[redacted] I knew him basically in the same capacity as Cooper, actually working for Cooper coordinating the maintenance activities, purchases, things like that.

. Q Did he ever work for Southern Air Transport?

. A No.

. [redacted] he flew as a crew member for us and then was on a leave of absence. He was not working for us during the period down there.

. [redacted] I met once or twice. I knew him only as a pilot. He never worked for us.

. Sawyer had worked for Southern Air as a pilot. During this period of time he was not employed by Southern Air.

. I recognize no other names on that list. I see an [redacted] here, the name is vaguely familiar to me as one of our mechanics, but I don't know him and I don't know what his status was.

. Q [redacted] you believe worked for Southern Air Transport?

. A I don't want to say.

. Q No one else on the list you recall as having worked for Southern Air Transport?

. A No.

. Q With respect to Mr. Sawyer, do you know how he came to leave Southern Air Transport and be employed by the operation in Central America, if you understand what I mean by the operation in Central America?

A Yes. No. I don't know how that happened.

Q With respect to [redacted] do you now how he came to leave Southern Air Transport?

A No.

Q [redacted]?

A No.

Q Do you even remember these people leaving?

A I remember--

MR. KIRSTEIN: I Don't think his testimony was that [redacted] ever left the employ of Southern Air.

THE WITNESS: I don't remember how that was handled. I think he was just transferred down there or what the status was. He is still with us. I remember Sawyer and [redacted] leaving.

BY MR. TIEFER:

Q You do?

A Yes.

Q What do you remember about them leaving?

A They left. I mean, nothing remarkable about that. They left.

Q Did anyone know where they had gone?

A No--well, you presume they were down there, yes.

Q On what basis did you presume that?

A You knew something was going on down there and they indicated to a few people where I got it second hand that is where they were and that is where they wanted to be.

. Q Now, had Sawyer as a pilot worked under you, that is, was he one of the subordinates of yourself?

. A Well, indirectly through the chief pilots and vice president, flight operations.

. Q I don't know whether you developed an impression or not, did you have any feeling when one of your people left to do something else?

. A In Buzz' case, I thought that given the circumstances it was a natural thing for him to do.

. Q And why did you feel that?

. A Because I have always viewed Buzz as a soldier of fortune type.

. Q Was there something in his background that you knew that made you view him as a soldier of fortune type?

. A No. Nothing specifically. There were just an aura about Buzz.

. Q Although you have said that you did not recognize this particular piece of paper, a number of names have been taken from it, let's market it as the next exhibit. 731 will be the next one.

. [The following document was marked as Exhibit DPM-6 for identification:]

. XXXXXXXXXX INSERT 2-1 XXXXXXXXX/

BY MR. TIEFER:

Q Charter quotations by Southern Air Transport are or are not handled in your department?

A Not handled.

Q In whose department are they handled?

A Sales.

Q I show you a document, a series of documents from 1148 to 1159, I may go through them one by one The top one, first, page 1147 and 1148.

A This is it?

Q That is it.

MR. KIRSTEIN: It is the back of a file.

BY MR. TIEFER:

Q Let me ask you if it assists you in understanding it that my understanding is thatthose are the front and back covers of a file.

A Yes, now that I see this one, I recognize this.

Q Would you explain what the file is?

A I had a very thin file that I labeled innocuously as ''charter'' and that was the cover of the file, my front cover. This must have been on the back cover. It says the back cover, so I have to say it was there.

Q Can you tell the circumstances under which you started to keep such a file?

A Yes. Your dates. Bill Langton told me that Dick

Gadd had a series of trips in order to move some cargo, it was not specific what the cargo was, but it was sensitive in nature is what I was led to believe or actually told, from [redacted] to Central America, destination unspecified at that point.

We at that time did not operate 707 aircraft and it had to be done with a jet airplane because of the payload and I think Bill had originally quoted Gadd using the Herc, but the price was astronomical because it could carry only about half, so it was not good economics.

Bill asked me to make sub-service arrangements, actually broker the trip out. So I handled that and became the point of contact with Dick Gadd on these trips, and I contracted with Arrow Air to do two trips and I don't know whether this file--as I recall, I don't have any notes from the second trip. I think these all pertained to the first trip, but we did two sub-service with Arrow Air.

I think one was in January, early January. I am not sure exactly. I think the other one in February or March.

Q Did you normally handle sub-charters?

A No. We wanted--this was considered to be very sensitive in nature and I think that Bill Langton and myself were the only two people in the company that were aware of these trips and people may have had an inkling of what was going on, but I think we were the only two--I can't swear to that, but I believe we were, there may have been somebody else, but I didn't tell anybody else, although I may have gotten Bob Poirson involved with a little bit of periphery information just to help with some of the arrangements for Arrow. I can't recall.

But in setting him up, I negotiated the price with Arrow and negotiated the schedule, and Bill Langton negotiated the price with Gadd.

Q Did you talk to Gadd at all?

A Oh, yes, I had a lot of conversations with Gadd.

Q Did you talk to anyone else working for Gadd?

A Prior to going or after they went or--?

Q Start with prior.

A Prior, no. The arrangements initially were all with Gadd. They operated on the weekends and the first trip was delayed well over 24 hours [redacted] due to the fact that the freight was late, the freight was coming--I was led to believe the freight was coming [redacted] and it was coming in on [redacted] and [redacted] was closed due to a snow storm.

While we were experiencing this delay, Arrow obviously was quite upset because they had other things for their airplane to do, the customer was upset and Dick was fruitlessly going through Dick Gadd in Washington because he couldn't give me any information so what happened is the communications link instead of using Dick as the point guy, I started dealing directly with a contact over there and the guy's name was Tom Clines, or Clines, I am not sure. And I talked to him a number of times over the weekend, when it is going to be ready, et cetera, et cetera, et cetera.

There was an outfit over there also calling through trying to get information, just information, a company called Defex ''Defects'', and there were some other people whose names do not readily come to mind, but they are in the notes probably.

And I may confuse--there were two trips and they both had problems so I may get some of the details--

Q The January and March trips you mean?

A They both were screwed up. The trip in March, the customer wanted a maximum amount of payload capacity. It is high density freight, does not take up a lot of volume. In order--the airplane that they--that Arrow used was a stretch DC-8 that had 18 pallet positions. The freight could be spread over 13 pallet positions, so in order to conserve weight, I told Arrow only ship 13 pallets, don't ship 18, you can save five times 250 and that can convert to payload.

After being told umpty-ump times only to take 13 pallets when they got [redacted] there were no pallets. They totally blew it and they were late getting there, too.

I forgot how late they were. So it was a real fiasco, with Arrow trying to get pallets [redacted]

Their credit was not very good; they had to hand deliver a check to [redacted] office in New York to buy pallets from them and as soon as they had the money in hand, the New York office told [redacted] to release the empty pallets to them, because you can't load directly on the floor.

In the meantime, I am talking back and forth with Tom Clines again and he is mad as a wet hen. He is saying he is getting all sorts of pressure from Secord, and I had not prior to that met Secord, but he told me that he was an extremely impatient guy and would not tolerate anything but perfection and that this was unacceptable, and I said what the hell am I supposed to do about it?

You know, and also somewhere in these, I had one or two conversations and I can't remember the details of either conversation with this Albert Hakim and I think that was for helping with some documentation on the trips, but I am very vague on it, very, very vague at that, on that.

Q You were making all these calls from your office here?

A No, from my home mostly.

Q Why from your home?

A It was the weekend.

Now, the calls that led up to, for the arrangements and everything else, were done during the week from my office, but when everything went to hell in a hand basket, it was over the weekend, so most of the calls were from my home.

. Q Okay.

. A Most of the arrangements were done from the office.

. Q You had not known Secord before?

. A No.

. Q You had not known Hakim before?

. A I don't know Hakim. I only talked to him once or twice.

. Q Have you met Clines before?

. A I had never met Tom.

. Q You had known Gadd before?

. A Yes.

. Q What was the context in which you had known him?

. A We had a business relationship with him where he was providing, I guess--

. Q Let me say, we have had previous information that may have been--his contract may have been of a sensitive nature and we don't want to go into it if it is of a sensitive nature.

. A It is of a sensitive nature.

. Q Let's leave it at that.

A But this is of sensitive nature, too.

MR. KIRSTEIN: It is a different kind.

THE WITNESS: I know, but I just want to bring a little levity to this.

BY MR. TIEFER:

Q Had your contact with Gadd only been in the context of that sensitive contract that he had?

A Yes, and support thereof.

Q Do you know what the cargo was that was [redacted]

A I guess it would be speculation. I don't think I was ever definitely told that it was--Dick always referred to it as pineapples or things like that, but, you know--

Q When he said that, did you know for a fact or have a very strong suspicion that it was not pineapples?

A I knew it was not pineapples.

Q Did you now it was hazardous material?

A I think I did.

Yes, I did, yes.

Q In the course of your conversations with these various people, did you have an impression whether they had previously shipped such material?

A No. I had no impression.

Q Did the way they were making arrangements give you any impression as to whether they were declaring to the governments involved along the way on this trip exactly what they were shipping?

. A The impression I got was that it was greased at [redacted] and at the end, at the destination, but nothing was done in between. They were just transits.

. Q And if you can tell what it was that gave you that impression.

. A I just think the way the whole thing was handled. When you have a [redacted] airplane coming into the largest civil airport in the country and you are trans-loading 90-odd-thousand pounds of freight, you have got ground handlers involved, you have got DEFEX handling paper work and things of that nature, you have Clines over there and it led me to believe that it was oiled.

. I can't specifically say that it was, but the impression certainly was there.

. Q And did you form an impression at the time as to who the ultimate customer for this was?

. A It would be my impression only.

. Q Yes.

. A Yes.

. Q What was your impression?

. A Well, that it was going to be funneled perhaps through U.S. sources in Central America to the contras.

. Q Did you have an impression whether it was a U.S.

Government operation or not?

. A Yes, I had the feeling that it was.

. Q And what gave you these impressions?

. A Well, let me further amplify that. I didn't think that Dick Gadd was operating as an international arms merchant.

. Q Okay.

. A I just felt that it was being done for a government agency. I can't be more specific than that, but I think it would have given us some problems, too, if we had felt that Gadd was operating as--this is an editorial or comment--but if Gadd had been operating independently, we would have had a real problem with that.

. Q And what would your problem have been?

. A Well, you know, we don't fly arms around, we don't fly arms around for any Tom, Dick or Harry.

. Q In fact, do you know of Southern Air Transport ever flying arms around for anyone other than the United States Government?

. A I have no knowledge.

. Q Suppose I referred to hazardous material. Do you know of Southern Air Transport flying hazardous material around for anyone else, the U.S. Government?

. A Oh, sure.

. Q For who else does it fly hazardous cargo?

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Illustrations, you don't have to name them.

. A I can't off the top of my head, you know, customers probably like--we did one, I can't remember the customers, but oil drilling explosives and things of that nature, sure. Nothing unusual about that.

. But they are not munitions.

. Q Let's go through the rest of the documents in your file. We will see whether we make them--

. A That is dirty pool this one.

. MR. KIRSTEIN: The lawyers are to blame for that.

. THE WITNESS: Yes, you get the blame for that. Had I not seen this I never would have recognized that.

. BY MR. TIEFER:

. Q By the way, on page 1148, do you recognize the inscription or the phone number now that you have looked at it?

. A Yes, that is my writing and doodling on Dick Gadd's number.

. Q Do you recognize page 1149?

. A Yes.

. Q Can you explain what it is? Would you identify it?

. A Yes, and this relates to either one of the two Arrow trips, I don't remember which one, probably the first one. And it is the name of an individual with [redacted] and they are a ground handling agent.

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Q Do you have any recollection--does this refresh your recollection as to what this individual might have done?

A I think that they, Clines had made arrangements with them to do the trans-load. It is for the loading of the aircraft, nothing more, nothing less. Not that I know of any way.

Q Did you speak to this person?

A I don't remember if I did or not.

Q I show you page 1150.

Do you recognize it?

A Yes, vaguely.

Q Can you explain what it is?

A I believe that it is--it is only a belief--that it was Tom Clines' hotel number, hotel room, and then just some notes that I wanted to give him. The plane was delayed, I was telling him when it was going to arrive, I made a note how long it takes to load it and get out of there and I guess my final note is when it would arrive at the destination.

Q All right. Page 1151?

A Oh, yes, this was--Arrow invoiced us in addition to the basic rate they charged for the trip, $30,000 demurrage charges for the delay due to the snow storm [redacted] and we did not pay it.

Q What is document 1151? I think I recognize it.

A It is an invoice from Arrow to Southern for demurrage charges of two days, I believe.

Q Could this be a xerox of an envelop with a window in it?

A That is probably a fair statement, yes.

Q 1152, do you recognize that?

A That is an amplified version of 1151. My memory is better than I thought.

Q Better than you said. I am not sure it is a John Dean memory.

A It is not.

Q Page 1153.

A It is my writing and it doesn't mean a thing to me now today. It is obviously some--a flight itinerary, but it doesn't mean anything today.

Q 1154.

A The first numbers are Arrow Air's local phone number, some notes about landing rights including destination and I told them that that was their responsibility.

Departure time. The other notes are telling them the customer would handle the onloading and offloading.

Also, instructing Arrow that they have to take care of ground equipment. Also asking Arrow for the aircraft registration, crew names and the arrival time [redacted]

Basically, notes to myself of questions to ask or statements to make to Arrow.

. Q Would you have kept a record of the names of the crew?

. A I think I wrote it on a piece of paper and threw it away after I passed it.

. Q Page 1155?

. A I don't remember this. I mean, I don't have any good recollection of it.

. Q Based on it, let me ask you a question or two. It purports to be a telex to the attention of Mr. Poirson and Mr. Mulligan. Do you recall telexes being sent back and forth at all on this matter?

. A No, there was telexes or hard copy messages sent which were flight itineraries but never was the shipment in any of our telexes ever listed, and something else comes out on this one. This Mr. Wiegensberg, I first recall that Gadd told me that the shipment was being handled out of Canada or brokered out of Canada by a company called Transworld--

. Q Arms.

. A --arms. I think this Wiegensberg was with Transworld Arms but I don't now what happened, but I think he fell out of the loop somehow in the whole process.

. Q Now that your memory from years ago which is holding up, it is coming back to you, does the fact that a company with the name Transworld Arms took part in it, was that also part of why you were under the impression that arms might be being shipped?

A Yes, that is right. Geez, it wasn't pineapples. Now I find out.

[Laughter.]

BY MR. TIEFER:

Q Let's go out of sequence a little and I show you page 1157, another document.

A Okay. The message itself, not the notes, the message itself was sent out by Arrow and it is a flight advisory itinerary just providing basic information concerning the trip.

And it lists the consignee of the freight in [redacted] IDF class 3-C.

Q What does class C explosives mean to you?

A It can mean any number of things but in this case we knew it was ammunition. Really there is not--I suppose it is an itinerary message, set up sheet.

Q Did Arrow Air, as well as Southern Air Transport, know that this was explosives?

A I think I told them it was class C and I did not--they knew it was explosives but I did not tell them that it was ammo.

MR. KIRSTEIN: They might have--

THE WITNESS: I told them it was class C, they figured it out, too.

BY MR. TIEFER:

Q Is that your handwriting?

A Yes.

Q Can you explain what it signifies, what that does signify?

MR. KIRSTEIN: Did you ever talk to Secord?

THE WITNESS: No. You know, the interesting thing is I never did talk to Secord. I think I Got these numbers, these were notes I believe I made at home over the weekend when one of the trips was operating. I don't know why I have Wiegansberg's name down there, but I believe in my conversations with Tom Clines he was the one that gave me all these numbers for Secord.

BY MR. TIEFER:

Q These phone numbers?

A These phone numbers. When I told Gadd that I even have Secord's car phone number, Gadd expressed a little displeasure that I even had that. Basically, what happened on this trip, because of the snafus, all the coordinating activities, Gadd was cut out of that loop and I was dealing direct with Tom Clines who gave me the impression that he was working for Secord.

So I make a note here that the [redacted] flight is going to arrive Wednesday at 0130Z, the rest of it doesn't mean much to me. I never did contact Secord.

Q Was Arrow Air working with you on the shipment out arrangements or had they left all that to you, the ground arrangements [redacted] and dealing with the delays and such?

A I was getting fed the information on the delays, the first trip was delayed because of the [redacted] flight being delayed out of [redacted] I was getting that information on arrival times from Tom Clines who was in Lisbon.

Then I would in turn advise Arrow when they could expect the connecting flight to be in.

Arrow made their own handling arrangements for fuel, air, and electric. Somebody over there made arrangements for the loading of the freight. I can't remember who.

Q What about at the other end, the [redacted] end, is that the destination?

A Yes, the first trip went to [redacted] and the arrangements, I was told by Gadd, were handled, don't worry about it, when it gets down there--I am talking about the offload of the freight.

Q Yes.

A The offload of the freight was taken care of, it was handled by Gadd. I don't know who was going to do it, but it was done.

. And the ground power, et cetera, was Arrow's responsibility to make arrangements for that.

. Q Looking again at 1157, do any of the other names on here mean anything to you [redacted]

. A I was provided that name as the consignee by Dick Gadd.

. Q Did he give you any indication whether that was a real person who was going to receive the arms or was a useful name like the usefulness of the word ''pineapples''?

. A He led--I led--I believe it was a bonafide person.

. Q You thought the--.

. A Legit.

. Q You thought the arms were going to [redacted]

. A Yes, yes. Yes. There was no doubt in my mind. I didn't know how you could grease it through [redacted] without sending it through [redacted]

. Q On the lower part of the page, after [redacted] there is a name, Mr.--perhaps I am wrong to say ''Mr.'' [redacted] is that a name that means anything to you?

. A I am sorry. Where are we?

. Q Let me show you. It could be that that is not a name at all, but--

. A It is a name. I think it is the name of a--yes, I think it is the manager [redacted] who was the handling agent [redacted]

. Q Two lines below that there is a Mr. Brown, does that have any significance?

. A Speculation. As you see, it says MKPA, which I believe is Antigua, and you see LIAT, that stands for Leeward Islands Air Transport, and it is a local airline in the West Indies or the Windward Islands there, and one would assume that Mr. Brown is probably the station manager there and they are asking for providing ground and air.

. This is a standard set-up message you do in any transit.

. MR. KIRSTEIN: LIAT stands for ''late, if at all'' airline.

. BY MR. TIEFER:

. Q And ''regards, Jack Creed'' at the bottom?

. A Jack Creed worked or does work, I am not sure, in Arrow's cargo sales department and he set out--he was the one that sent out this set-up message.

. Q Were you dealing with him mostly over there or somebody else?

. A I dealt with--very briefly with him. I was dealing primarily with a gentleman by the name of Don Ewing, who was their director of flight control.

. Q Do you know whether Ewing and Creed are still at

Arrow?

. A I believe they both are.

. Q Okay.

. A They were really in the dark on this thing.

. Q How did you know that?

. A They didn't ask any questions and I didn't volunteer any information. It was as if they didn't want to know. It was just a trip to them.

. Q I show you page 1158.

. A This is a message that was sent out by, if you look at the bottom, ''Perry/JW Flight Control''. J.W. Is Arrow Air's two letter identifier. This message was just advising us of a revised itinerary for that trip. I think what I have done is crossed it off because I didn't believe it, then I verified it, and I wrote good times, and the other notes don't mean anything to me.

. Q The fact it was a crew of five U.S. nationals, does that mean anything to you?

. A Yes. But I don't know why there would be a crew of five. Other than it doesn't mean anything to me.

. Q I show you 1156.

. A Okay. This was on one of the trips, a contact for Albert Hakim, and I am not sure if cross references may not show that that is the same number as DIFEX offices.

. Q You mean phone number or telex number?

. A Yes. The phone number. The hotel number, room 823 underneath that, that was I believe for Clines and--oh, I know what this was about. I told Arrow that I would get the traffic rights [redacted] for them and that is, that is another reason why I believe it was greased over. They got traffic rights and it was slow coming and I believe we even sent the airplane without landing rights over there.

. I am a little sketchy on that. Trying to get through the Clines, Clines was trying to arrange it or somebody in DEFEX office, there is another name which I am sure you will get to.

. Q Does the name Jose Garnel mean anything?

. A Dr. Garnel. I only talked to him once. I don't recall. It was over these traffic rights, and there was another guy, Lunes or something like that. Hakim was the guy that finally notified me when I got in touch with him that he or somebody had secured the landing rights.

. Q Was that an unorthodox procedure to send a plane over without landing rights?

. A No. Well, we--well, yes. I was led to believe that they were forthcoming, though, so it was kind of a role of the dice. I had every reason to believe they were going to pull through.

. If it was less than a 90 percent shot, I couldn't have done it.

. Q You may have said this, was Hakim in the United States during this time?

. A I think he was over there.

. Q So let me have your impressions as to where the players were. Clines was over there? In Portugal?

. A Clines was over in Portugal.

. Q Do you believe Hakim was in Portugal?

. A He was either there or San Francisco. I don't know why I think he might have been in San Francisco, But my memory does not serve me well.

. Q Where did you believe Secord was?

. A Didn't have a clue.

. Q And Gadd?

. A Gadd was in Washington.

. Q You were talking to him only by telephone?

. A I wasn't talking to him on this because he couldn't do anything.

. Q 1159.

. A I recognize the names. I don't remember anything about it.

. Q And might the phone numbers that are shown be for Jose Garnel?

. A Oh, yes. I am sure they are. I am sure.

. Q Were you trying to reach him? Or was someone just letting you know how to reach him?

. A Somebody let me know how to reach him. I probably did reach him. I had more problems going on with that. I can't remember who I contacted for what with all the problems associated with this.

. Q Does the word ''parking arranged''?

. A He may have--I can't imagine asking him for parking arrangements because that is something I would have asked [redacted] about, so I don't know.

. I don't know what that number at the bottom where it says ''MONT'' after it?

. Q Yes.

. A That doesn't ring a bell.

. Q Is the name Mr. A-t-u-n-e-s, could that be the Mr. Lunes you referred to you were trying to place?

. A Yes. And Brito might be his first name.

. Q The [redacted] means [redacted]

. A Yes. I don't know. I don't know who he is with anymore.

. Q Do you have any idea why this is on a piece of paper that says ''Amfac Hotel''?

. A Yes, I think several months before I took a trip to Dallas and I stayed at Amfac and it was just a piece of paper I had lying on my desk.

. Q Okay.

. MR. KIRSTEIN: How about a restroom break here?

MR. TIEFER: Sure.

Let's mark this as Exhibit 7, the entire set of records, 1143 through 1159.

[The following document was marked as Exhibit DPM-7 for identification:]

*********** INSERT 2-2 **********/

DCMN QUINTERO

BY MR. TIEFER:

. Q Back on the record.

I show you documents 1748 through 1752.

. A Yes.

. Q Do you recognize these pages?

. A Yes.

. Q Can you identify them?

. A This is a--1748 is a check request. It is a Southeastern Air form. And it was a check request to pay Arrow Air in advance for a charter flight, one of which we have already discussed.

. Q Before we go away, did you fill that form out?

. A I didn't fill this out, but I think probably what happened is I, probably on the phone, told somebody in finance, more specifically, our vice president of finance, that I needed $107,000.

. Q Who was that at the time?

. A Probably at that time it was Tom--

. Q Does the name Crummey mean anything?

. A Tom Crummey; yes. He probably had somebody fill it out and issue the check, and I passed the check on to Arrow.

. Q You did the check in your hand?

. A Yes, I believe I did.

. Q Is that usual? I guess you didn't normally handle charters?

. A No, I don't normally handle charters. But as I stated earlier, I was the only point of contact within Southern Air on this, these charter trips.

. Q Page 1749?

. A It is just a standard aircraft charter contract for Arrow, with Arrow, for the trip we talked about.

. Q Did you have any dealings with David Sowers?

. A Sowers? He was there vice president of sales.

He really didn't get involved in any of the selling of this trip at all, but it became a sales function when you got down to picking up the money and signing the contract, so he handled it. The rest of it is just addenda to the contract.

. Q 1752?

. A This is a check request for the first trip, and you might know that the second trip was more extensive than the first. That is because they were unhappy with the way the first one went so with the delays with the [redacted] flight.

They didn't even want to do it and I talked them into it, and they raised the price. As it turns out they completely botched the second one.

They actually--that reminded me they owe me $3,000 bucks; so we are probably even.

. MR. TIEFER: Let's mark this as the next exhibit.

-- [The following document was marked as Exhibit DMP-8 for identification:]

xxxxxxxxxx INSERT 3 - 1 xxxxxxxxx/

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BY MR. TIEFER:

Q Do you know this document?

A No real memory.

Q Do you recognize the handwriting?

A Yes; Poirson.

Q You said you were the only real contact point, but a number of times you have mentioned Poirson's name. Did he have a fair knowledge of what was going on?

A He knew that I was dealing with Arrow for a trip; he knew some of the routings; he didn't have any idea what the cargo was, or any of the other details.

MR. KIRSTEIN: This, from the date, doesn't have anything to do with Arrow; does it?

THE WITNESS: No; I think what this piece of paper is, it-- the Arrow flight was when?

MR. KIRSTEIN: January and March of 1985.

This was your first--

THE WITNESS: This was much later.

BY MR. TIEFER:

Q Let's put this aside before we go to this. Now, we have gone over a lot of documents. I just want to see if anything more comes back to you about the January and March 1985 flights.

Did anything happen between the first and the second--did you discuss with anybody this seemingly strange event that had taken place, or the new people you had talked to?

. A I am not sure I understand what you mean by ''strange events.''

. Q If you don't accept my characterization, the events that had taken place on the January trip, the difficulty of arranging for delivery.

. A No, nothing happened.

You know, when you fly airplanes on a charter basis all over the world, regardless of what the nature of the freight may be, whether it is hazardous material or not, you have difficulties on an ad hoc basis. It is not like flying scheduled service.

There was nothing unusual about any of these trips, as far as I was concerned, given my experience.

These types of operations are fraught with difficulties.

. Q Now, this was a different type of plane than the planes that Southern Air Transport had?

. A Yes.

. Q Large planes--did that provide any thought on your part about the usefulness of Southern Air Transport having such planes? Were there any discussions that came out of that?

. A I think we had made a corporate decision, long before any of these trips, to get into another aircraft type. Clearly, we didn't get into the 707 to form these

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types of trips because you can go broke in a hurry if that is your only line of business.

. Q When had the decision been made to get 707s?

. A Oh, probably in October of 1984. We had a senior marketing meeting and the decision was made at that time that we had to expand the product line. We can't just offer the Hercules, we had to offer an airplane as large as the 13 pallet position jet freighter. That is when that discussion was made.

. Q By senior management, who would have participated in that?

. A The chairman, the president, and senior vice presidents, and--

. Q Who were yourself and Mr. Crummey--

. A Charlie Carson, Bill Langton, Jim Bastian; also at that meeting was Asa Hemperly, vice president of sales; and Carl Holiver, who is no longer with us, director of personnel; and Ray Taranto. But there was a decision made by the senior management group to expand into another airplane.

. Q Was anyone tasked to go start the acquisition process?

. A I eventually was assigned the project and traveled to Kuwait, and completed the purchase of three airplanes from the ~~Kuwaitese~~ Kuwaitis, Kuwait Airlines.

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Q When did you go to Kuwait?

A Oh, March of 1985, after I finished fooling around with Arrow.

Q Did you know how many of them you would buy?

A Well, before I went over there obviously identified Telex Communications with them, knew they had three available, three were for sale. And so I went over there and spent a month negotiating the purchase of the three airplanes and their entire spares package.

Q By yourself?

A I had a technical representative with me who did the final inspection of the airplanes and then I had a couple--two of those guys, to do records research and then I had another guy who was an aircraft broker and he eventually ended up leaving and I finished the deal myself.

Q Did Bill Langton or Jim Bastian participate at all?

A No; only by giving me a lot of advice over the phone.

Q What was their advice?

MR. KIRSTEIN: Lower the price?

THE WITNESS: Lower the price, right.

BY MR. TIEFER:

Q Did you succeed in lowering the amount in your month in Kuwait?

A Yes.

Q By how much, roughly?

A 4 million; 4.5 million.

Q What was it when you first started?

A $10.5 million.

Q And it came down to?

A $6.5 million.

Q Did that cover your expenses?

A Barely.

Q When did you complete the discussions?

A Sometime after Easter of that year. I know I was over there a long time.

Q And did the sale take place shortly thereafter, or not for a while?

A Well, we executed a sales document prior to my departure. And we took delivery probably two months later on the first airplane. I think it was June, May or June.

Q Did you know whether other airlines were attempting to buy these planes at the same time?

A There were other interested parties in the airplanes.

Q Did you have the sense you were competing with them, or the Kuwait~~ees~~ is were trying to get you to compete with them?

A I think they would have like to, but you would have to have perseverance in dealing with them. First of all, they have to establish your credibility.

They are very leery, and they had to qualify me as a legitimate buyer. That took some time before they would enter into serious negotiations.

. Q During that time did you have a sense of what the other potential buyers were willing to pay for these planes?

. A No.

. Q Did the Kuwaitis--they never--

. A No. One of the advantages that we represented to Kuwait was that we were willing to take all three airplanes, which was their last 707s and their entire inventory, that was unique to the 707s, and took it all off their books.

Most of the people going in were brokers, they wanted to do onesies or twosies, were not interested in the inventory, or only portions of it, so we were in a position to take everything off their books. So as a package it was attractive to them.

If they had been patient and given a better geographical location, they could have piecemealed it out and realized a greater income. But they were smart in getting rid of it as they did.

. Q You said you got advice over the telephone. Were any Telex sent back and forth to you while you were there, letters or other written communications?

. A No.

. Q Did you come back with any documentation?

. A Yes, a sales contract.

. Q But other than that, no memos or reports, or anything like that?

. A No. Well, I got a file this thick, other than the sales contract, that shows you all the parts that went with it and things like that.

. Q But Bill Langton would have to take your word for it as to everything you said took place in the negotiations?

. A He would have to take my word for it.

. Q Okay.

. A Yes, and the proof was in the pudding as it was delivered. I am still here.

. Q I show you--let's go back to 773, which has the date December 1985 on it. Do you have--you have said you don't have a recollection of that?

. A No recollection.

. Q Except you think it is Bob Poirson's handwriting?

. A It is Bob Poirson's handwriting; yes.

. Q Do you recall a flight in December 1985 corresponding to this?

. A No.

. Q Okay.

. A Specifically on a date, no. We may have; we may not have. I don't think we ever did go to Bermuda on any of those routings to Central America.

Q Or from [redacted]

A From

Q You recognize the handwriting?

MR. TIEFER: Let's mark this as the next exhibit.

[The following document was marked as Exhibit EPM-9 for identification:]

*********** INSERT 3 - 2 *********/

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BY MR. TIEFER:

Q. Previously you described certain forms that reflected cargo. Let me show you number 687 and ask you if you are familiar with that form?

A Yes.

Q And the--

A The form, I am--I have never seen this sheet before.

Q Okay.

Can you describe the significance of the form?

A It is a general declaration. You have got to stamp it out and stamp it in by customs, list the aircraft number, company that operates the aircraft, flight number, the date; point of origin; destination, the crew members, cargo, and the rest is self-explanatory.

Q This has nothing--this particular form has nothing filled in in the cargo box or am I wrong?

A It doesn't because, probably, it was--the cargo manifests were attached so that probably took care of it.

Q And who fills this out?

A The company.

Q Meaning Southern Air?

A Yes.

Q Who in Southern Air would fill this out?

A Most of the time if it is out of Miami, somebody in the sales and service department would handle it, or if it

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is not out of Miami the crew can handwrite it in.

. Q All right.

. MR. TIEFER: Mark this as the next exhibit.

[The following document was marked as Exhibit DPM-10 for identification:]

INSERT 3 - 3 xxxxxxxxx/

BY MR. TIEFER:

Q Looking at document 688; do you recognize this type of form?

A It is a cargo manifest.

Q And can you explain the significance of this type of form?

A It is a standard document that has to accompany the freight, and it lists who the operator is, the flight number, the date, departure and arrival points and number of pieces, description of the goods, and who the--or or what the wait is.

Then in this case it shows, I guess, who the consignee is and there, says there is, this must mean there is a shippers export document accompanying this.

Q You mean the SED in the right column?

A Yes.

Q Who fills this out?

A The service department.

MR. TIEFER: Mark that Exhibit 11.

[The following document was marked as Exhibit DPM-11 for identification:]

xxxxxxxxxx INSERT 3 - 4 xxxxxxxxx/

BY MR. TIEFER:

Q This--

A I think this is the complete SED, right?

Q Perhaps I have other pages. Let me see that back.

A I think you chopped off the top.

Q This is 689?

When you say incomplete--

A I think the Xerox top is missing.

Q That is 689?

A Yes.

Q Can you understand it even with the missing top?

A Yes. But I don't deal with this from very often so I am in unchartered territory here.

Q Do you know who fills this out, if it is done by SAT?

A This would be done by the shipper.

Q Let's not make that an exhibit yet.

I show you 691, 692, and 690.

A What is the difference between 690 and 691--689?

Q I am tempted to say 1.

A What?

MR. KIRSTEIN: It is the same document, it got copied twice for some reason.

MR. TIEFER: Yes, they look like the same document.

MR. KIRSTEIN: They are apparently the same.

THE WITNESS: They are the same.

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MR. TIEFER: All right.

BY MR. TIEFER:

Q Are you familiar with the type of from that 691 is?

A This is the shipper's export declaration and I don't deal with this very often, so I am n to very familiar with it.

Q Who in Southern Air Transport fills this out, if anybody?

A I believe this is filled out by the shipper.

Q And 692? It is similar to 689 but you will see at the bottom that the date is five days off, one is 9-13, the other says, 9-18. There are other differences. It is the same type perhaps. I don't wish to put words in your mouth.

A I don't know anything about this form. I have very little comment on it. I don't deal with them.

MR. TIEFER: Let's make this the next exhibit number, they are 689 through 692.

[The following document was marked as Exhibit DPM-12 for identification:]

********** INSERT 3 - 5 *********/

BY MR. TIEFER:

. Q Is Tom Hazlett in your department?

. A No.

. Q Were you aware in the end of 1985 when Southern Air Transport people were looking for a C-123 to purchase?

. A I didn't know we were looking to purchase an airplane.

. Q Okay.

What I am referring to is not a purchase for Southern Air Transport but a purchase by Southern Air Transport for the use of somebody else?

. A Oh, I was vaguely familiar but not intimately. I was aware of the activity.

. Q I will show you 1799 and I will have to share it with you, copies have run out at this point.

. A Yes.

. Q Can you identify it?

. A It is an out of date Southern Air Transport operations department organizational chart.

. Q Can you describe briefly what various people on the chart do and if you wish to make corrections as you go along to bring it up to day, by all means do so.

. A Do you want to start with myself?

. Q Yes.

. A I am senior vice president, operations, and basically I am responsible for technical services which is maintenance, flight operations, systems operations, for the airline, most of the production.

There is a secretary under me, that is fairly obvious.

. Q What is her name.

. A Janet Shadow.

. Q She is your secretary?

. A Yes.

. Q Paul Gillcrist--let's back up.

How long has she been with the company?

. A Since July of 1985.

. Q Who was your secretary before then?

. A I didn't have one. I shared, we pooled.

. Q Were there several secretaries who worked for many people?

. A There were a few but there was one assigned to the operations department but I just didn't consider her to be my secretary.

. Q Was there one secretary who was familiar with what your secretary would not be familiar with? That is sort of what I am asking?

. A No, I handled most of it myself. I didn't get her involved other than just to type a letter here or there. And I don't generate a lot of paper.

. Q Okay.

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-- Next person on the chart.

. A Paul Gillcrist, vice president, flight operations. He is the chief, the chief pilots report, for the 707 and the Hercules, report to him.

He is in charge of crew scheduling, the crew scheduling department reports to him. Basically anything to do with flight crew members in Southern Air are Paul Gillcrist's responsibility. Any of those matters.

. Q How long has he been with the company?

. A He has been with us since, I think May of 1985.

The next person is, this is incorrect, lists Fred Johnson, vice president of technical services. He left the company in November or December, I guess, it was early December, and the current vice president of technical services is Kenneth Wilson. And in a nut shell he is basically responsible for maintenance of the aircraft, purchasing, stores, quality control, engineering, and other maintenance related activities.

. Q Do you know where Fred Johnson went?

. A No.

. Q Do you know why he left?

. A It was a mutual parting of ways.

. Q Can you explain that further?

. A I was unhappy with his performance.

. Q You say it was mutual?

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. A He agreed that I was unhappy.

. Q There are two other boxes on the chart.

. A We have C. Poirson, known as ''Bob'' Poirson, director of systems operations.

Basically, the scheduling of the aircraft is Bob's responsibility, the dispatchers who release the flights report to Bob; all daily flight activity that does not have to do with maintenance or flight crews is Bob Poirson's responsibility. Set up ground-handling arrangements in various cities, fuel, landing rights, traffic rights, things of that nature fall under Bob Poirson.

The last one is Frank Zerbe, director of maintenance administration. He is ombudsman in the maintenance department. He handles manpower requirements, budgets, reviews purchasing, customer bill-backs, invoices for contract services, and things of that nature, and acts to a degree as a divisional controller.

. Q How long has Bob Poirson been with the company?

. A Since August of 1984.

. Q And how long has Frank Zerbe been with the company?

. A Fall of 1985.

. Q Do you have knowledge of a trip that Frank Zerbe made to purchase Caribou aircraft in Canada?

. A Vague knowledge. When he made that trip he was not in that box. He was manager of or director of--I don't know his exact title, but it was a Burlington contract based in Fort Wayne, and Langton dealt with him directly on these trips. I had no involvement.

MR. TIEFER: Let's mark this as the next exhibit.

[The following document was marked as Exhibit EPM-13 for identification:]

********** COMMITTEE INSERT 3 - 6 *********/

MR. TIEFER: I think that will be a convenient stopping point for me.

The way in which the questioning tends to proceed is, I stop and George Van Cleve, who is our Republican colleague, will take over.

THE WITNESS: Oh, good, we got a Republican in the room.

MR. TIEFER: Do you want to go off the record or pick right up?

MR. VAN CLEVE: I think I can pick right up.

BY MR. VAN CLEVE:

Q As Mr. Tiefer indicates, I am George Van Cleve, Deputy Republican Counsel for the House Committee. I have only a couple of brief questions and I have appreciated your willingness to answer questions.

I have never been involved in the airline business and so some of the questions that I am about to ask you may seem as though they are not very well informed, and that is fine, because I don't know anything about this.

You have testified and we have, of course, have previous testimony from other officials of your company, that you all perform trips carrying cargo from the United States to various points in the Middle East and, similarly, that your company assisted in transportation for material to Central America.

- Is there any particular reason why if I had that kind of cargo to carry, I would come to your company, do you offer a specialized service that is not generally available?

. A The only service that we offer that--let me answer it this way. The 707 trips there are a number of people that offer comparable aircraft, either 707s or DC-8s, so what a prudent person would do would be to shop the market although we have to give consideration to the reputation of the operator, through reliability and integrity and things of that nature.

So price can't always be the driving factor. I think we enjoy a good reputation. We used to. The Hercules aircraft is a different story. That airplane--

. Q If I could stop you on the 707 trips--if if I understand your testimony correctly, there are a number of generally reputable companies that fly similar equipment that could have performed those trips?

. A Yes.

. Q And probably were generally competitive on price since they are in the same business?

. A I would have to assume they would be.

. Q So, in short, it will be your view that the decision to come to Southern Air as opposed to some other carrier was not simply a business decision?

. A Oh, that was a decision made by some one else. I can't speculate on that.

. Q I understand; but it is your testimony that there are people in the business who could just as well have done the job?

. A Yes.

. MR. KIRSTEIN: But that is a long way from him saying what their reason for hiring SAT is. That is your--

. MR. VAN CLEVE: I understand.

. BY MR. VAN CLEVE:

. Q I don't want to characterize your testimony, but I want the record to be clear that clearly from the business point of view, if I were looking for a carrier, I would not have any difficulty finding a carrier who could do that work?

. A That is correct.

. Q Okay.

And you were saying on the 100--

. A The 100 is a different category altogether. It is a unique airplane capable of carrying outside cargo, loads through the rearend so you can get large pieces in there that you can't get through the door of a 707, it is a side-loading door.

And there are very few commercial operators of the aircraft in the United States. In fact, now that we have took over Transamerican's 100 fleet the only U.S. operator of Hercules aircraft is Mark Air in Alaska and they have three.

There is an operator in Canada that has one and those are the only--and they are very small. So, those are the only operators in North America. So, there is no competition to speak of.

. Q And the prime consideration in the use of that equipment again just so I have it clear?

. A Outside freight. The ability to carry outside freight.

As a sample, this weekend we flew a trip for Pratt Whitney from Hartford to Seattle and we took two jet engines. No other airplane in the U.S. is capable of carrying them other than a Herc, or a 747, but economics precluded chartering a 747 for two engines.

. Q So that in that area of your business a lot of the business is dedicated by the fact that you receive a specialized segment of the market?

. A Yes, with limited competition.

. Q Earlier your counsel produced for us a summary of flights, these are document numbers 1821 and 1822, and I will show it to you.

I believe it is an exhibit from another deposition. As you can see it lists five flights between [redacted] and points, I guess, in Central America, between January 1985 and April

1986. You testified in considerable detail about the first two of these flights?

. A Yes.

. Q And what I wanted to ask was simply if you knew whether the arrangements for the three other flights involved similar cargos and were made by the same person or persons?

. A I didn't get involved in as great a detail from a nuts and bolts standpoint.

. Q Let me give you a minute, if you want to break it up, or look at it?

. A No, I don't need to. From a nuts and bolts standpoint, I did not get as involved in the flights that were subsequent to the Arrow Air. The reason is, as I stated earlier, that we had limited, we had a limited number of people within the company that were aware of those two operations.

Obviously, because we were performing the service ourselves, more people within our organization would have to know not only crew members but dispatchers and everybody else. They saw the airplane routed on the board, they knew where it was going.

So when it got down to the nuts and bolts on these I didn't have as much detail. I did get involved in some of the planning earlier on not on pricing but on aircraft

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availability, how would that fit into our windows of availabilty?

And that was about the extent of it. Nothing too exotic.

. Q So you don't know what type of cargo was carried on those flights or have a general idea?

. A Oh, one would have to assume that it is the same routing from the same people that it was the same cargo.

. Q You don't have any information to suggest otherwise?

. A No.

. MR. VAN CLEVE: That is really all I have. Thank you. I appreciate your testimony.

. THE WITNESS: Surely.

. MR. TIEFER: There may be a need to depose you on other topics than the ones we covered today, I think that completes the lines of questioning for today.

. THE WITNESS: Okay.

[Whereupon, at 3:30 p.m., the deposition was adjourned.]

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CERTIFICATE OF NOTARY PUBLIC

STATE OF Florida)
(To-Wit:
COUNTY OF Dade)

I, the undersigned, a Notary Public in and for the County and State aforesaid, do hereby certify that the witness, DAVID PHILLIPS MULLIGAN
(Name of Witness)

7760 SW 181 TER. (Address), MIAMI (City),

FLORIDA (State) 33157 (Zip), whose sworn testimony appears in the transcript of proceedings attached hereto, was first duly sworn by me and placed under oath on this 1st. day of February, 1987, and has on this same date acknowledge the same before me in the State and County aforesaid.

Given under my hand and seal in the City of Miami, and State of Florida on this 2d day of February, 1987.

Douglas H. [illegible]
(Notary Public - signature)

DOUGLAS H. [illegible]
(Name printed)

8801 FONTAINEBLEAU BLVD.
(Address printed)

Miami, Fla. 33172
(City, State, and Zip Code)

My commission expires:

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2 MAR 86

[redacted]

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Ex 4 DPM-1
2-3-87

(5520)

Declassified/Released on 25 Jan 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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SOUTHERN AIR TRANSPORT **AIRCRAFT LOG** № 2520

DATE	AIRCRAFT TYPE	TAIL NUMBER
03 MO 06 YR 86	B-707	N 525 5T

– LAST NAME		EMP No	CAPTAIN'S SIGNATURE	
[illegible]	J	58895		
– LAST NAME		EMP No	ACM – LAST NAME	EMP No
one	J	58707	McDermott	CA506
– LAST NAME		EMP No	ACM – LAST NAME	EMP No
[illegible]	F	94791		

FLT No	ROUTING FROM	ROUTING TO	OUT	OFF	ON	IN	TOTAL FLIGHT	TOTAL BLOCK	LDGS	FUEL ADDED GALLONS	FUEL ON BOARD POUNDS	BLOCK ARRIVAL FUEL	OIL ADDED QUARTS	
5205	[illegible]	LIS	0050	0055	1010	1025	9296		1		138600	24000		1

TOTALS 9,29.6

MILEAGE	REVENUE CARGO	DELAY LENGTH	REASON
1452		7350	maint

FLIGHT DISCREPANCIES (PLEASE PRINT)	NBR	CORRECTIVE ACTION (PLEASE PRINT)	STA	MECHANIC	LIC NBR
set DMI C3929	1	Repaired Broken wire Right Hand Sens wire Sens C/B Check Good	LIS	[illegible]	1993ec4

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FORWARDED 44374.2
THIS PAGE 9.6
TIME 44383.8
CORRECTION 44357.8
CORRECTED TOTAL 44367.0

COMPONENT	PART NUMBER	POS	S/N OFF	S/N ON

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THIS AIRCRAFT IS CERTIFIED AIRWORTHY

CHECK "A" ✓ STATION LISO
DATE 3-2-86 TIME 1130
MECHANIC [illegible] LIC NUMBER 1993ec4

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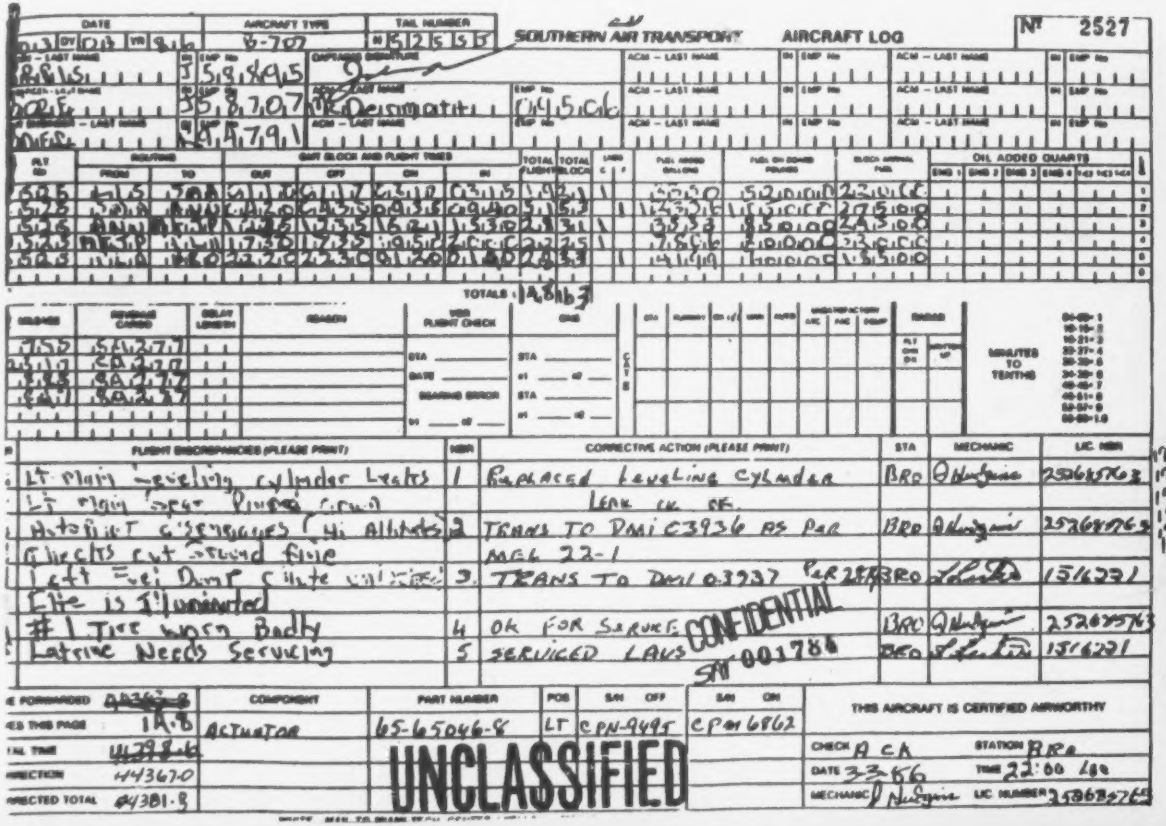

SOUTHERN AIR TRANSPORT AIRCRAFT LOG

Nº 2527

DATE	AIRCRAFT TYPE	TAIL NUMBER
03 DY 03 YR 86	B-707	N 525 5 S

LAST NAME	EMP No		EMP No
[illegible]	3 59895	CAPTAIN'S SIGNATURE	
[illegible]	3 58707	Deinmatiti	04560
[illegible]	54791	ACM – LAST NAME	EMP No

FLT NO	FROM	TO	OUT	OFF	ON	IN	TOTAL FLIGHT	TOTAL BLOCK	FUEL ADDED GALLONS	FUEL ON BOARD POUNDS	BLOCK ARRIVAL FUEL
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.9	2.1	5550	52000	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.1	5.3	[illegible]	[illegible]	27500
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.[illegible]	3.1	3333	85000	24300
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.2	2.5	7556	80000	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	3.3	[illegible]	[illegible]	13500

TOTALS: 14.8 16.3

FLIGHT DISCREPANCIES (PLEASE PRINT)	NBR	CORRECTIVE ACTION (PLEASE PRINT)	STA	MECHANIC	LIC. NBR
LT Main leveling cylinder Leaks	1	Replaced Leveling Cylinder	BRO	[illegible]	252685763
LT Main gear [illegible]		Leak ck. OK.			
Autopilot disengages (Hi Altitude)	2	TRANS TO DMI C3936 AS PER	BRO	[illegible]	252684763
Glideslope cut [illegible]		MEL 22-1			
Left Fuel Dump Chute [illegible]	3.	TRANS TO DMI 03937 Per 28[illegible]	BRO	[illegible]	1516221
[illegible] is illuminated					
#1 Tire worn Badly	4	OK FOR SERVICE	BRO	[illegible]	252685763
Latrine Needs Servicing	5	SERVICED LAVS	BRO	[illegible]	1516221

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SAT 001786

19730
19731
19732
19733
19734
12
6
6

		COMPONENT	PART NUMBER	POS	S/N OFF	S/N ON
FORWARDED	~~44366.8~~					
THIS PAGE	14.8	ACTUATOR	65-65046-8	LT	CPN-9495	CPN 6862
TOTAL TIME	~~44381.6~~					
CORRECTION	44367.0					
CORRECTED TOTAL	44381.8					

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THIS AIRCRAFT IS CERTIFIED AIRWORTHY

CHECK A CA
STATION BRO
DATE 3-3-86
TIME 22:00 LCL
LIC NUMBER 252685763

[redacted]

1.R. 034101B
1B-2 F[illegible]

NC DATE
Ex #DPM-2
2-3-87

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422 Maple Ave [ANMC]
Vienna Virginia
-miles-

B707

MIA
[illegible] > 2:30
SAT
4429 > 9:00
LIS
2228 > 4:45
RKX
2228 > 5:15
LIS
3602 > 9:00
MIA

13445(n)/15522(st)

L100

MIA
[illegible] > 4:00
SAT
2376 7:30
YRK
1366 5:00
KEF
801 3:30
Sand
791 3:00
MRS
1556 6:30
RKX
2228 8:00
LIS
767 3:30
Sand
1455 7:30
Bda
906 4:00
MIA

320C

13768(n)/15844(st)

Toote
6FDD
[illegible]
Gilliot

5521

[redacted]

[redacted] Declassified/Released on 25 Jan 88
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CONF[illegible]

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[illegible]101E
[illegible]-3

NO DATE
Ex # DPM-3
2-3-87

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QUESTIONS
for FLIGHT of PHENOIX

① FUEL SUPPLIER + Payment AT AIRPORTS up by fuel pilots. Plan on getting our own:

② LANDING PERMITS AT ORIG + DEST 1815 on Delta Tyra.

③ HANDLING SET-UP / Payment + notification

④ AIRCRAFT CONFIGURATION MAC 108 or COM 125 Boeing ans acom Tie down.
who supplies Pallets - Tie down 20/n

⑤ IS SHIPMENT "RA" IN NATURE Standard EMS
CONSIDER TRANSIT AIRPORT REQUIREMENTS

⑥ CASH REQUIREMENTS ((AS previous TRIP!!)) -NO STAMPED PASSPORTS
other than normal flight expenses - Need Cash. -

⑦ DESTINATION AIR PORT REQUIRES AIR START? Apu + Refuel-

⑧ Runway Brand Make Sure we are talking about
PL+ Don't loose those TP's the Same plane.

CONSIDER TOTAL Wt 120,000
BPW 190,000
310,000

707 Req
US Equipment Req. Kilo hol 33,000 lands
320C
Charlie + delta.

Shippers Export documents
Dick will supply the
Data +

- Herrington

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[illegible]son, National Security Council

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ISRAEL
CON[illegible]

5522

No date
Ex DAM-4
2-3-87

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①

All personnel involved arrived in alpha on Friday evening. I met Scott and introduced him to the loadmaster, so that there would be some conference on the load. The following morning both 525 and 523 arrived at alpha on schedule. The crews left the hotel so as to allow approximately 1.5 hours of preparation prior to departure. Upon reaching Base Ops, I was informed that Mr. Thompson (Customs) would not be in until Tuesday, and that I should leave the paperwork with them. I had some misgivings about this arraignment, but complied leaving the S.E.D.'s in an "eyes only" envelope and the General Dec's attached. Upon reaching planeside, the fuel people advised that if we wished to pay for the fuel via a Co. check we would have to pay his supervisor. It took 40 minutes for this gentleman to get to the aircraft so that we could begin fueling. While this did not cause any delay, it would have if everything else was on schedule. While all this was taking place, I was advised that not only was the load not on the field, but that it was not yet built up because of some confusion regarding ownership of the pallets (nobody wants USAF property in DELTA). When I asked how long this would delay us, I was informed "three hours." They also said that they were led to believe that we would not arrive until 1700. When I informed him that by my calculations it was 1730, he asked me, "What kind of a clock are you working off of?"

While all this was taking place, my qualms about the General Dec's got the best of me and I called Dick. He asked Scott if he had spoken with Thompson's boss (also briefed) and Scott advised he had been unable to reach him. We then tried to get in touch with Mr. Thompson, but he was lunching. When he finally returned our call (40 minutes later), he said "Don't worry, I'll have the Base Ops people sign the Decs for you." Thirty minutes later, I was handed one Gen Dec on which was written PERMIT TO PROCEED OK'D BY THOMPSON OF U.S. CUSTOMS KELLY AFB. This was totally unacceptable in as much as the last thing we wanted was a permit to proceed (implying that we would need customs at the next stop). I called our customs friend back and advised him of our concern and he said "Somebody will be there in 30 minutes). Thirty minutes later, a gentleman arrived and signed and stamped our Dec's. To these, we attached our "white" manifest for presentation to canadian customs.

Once we were loaded it took another 30 minutes before we could taxi due to a number of avoidable circumstances: 1) All of the freight for the second aircraft had been placed directly behind our aircraft, 2) the GPU ran out of gas, 3) the airstart had a dead battery, and 4) no ground personnel to marshal us. Once we departed, the flight to YQX was uneventful until we arrived. As a result of our 4-hour delay at alpha, the weather at YQX had deteriorated to a very low state. Had we departed on schedule, our arrival weather would have been no snow and 30 miles visibility. As it was, it was lots of snow and 1/2 mile visibility. More importantly, we were unable to utilize the long runway which created a takeoff I would just as soon not repeat.

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Other than the takeoff, the trip to Bravo was uneventful. Upon arrival, we were told to follow a vehicle to a remote area and park next to the mission aircraft. After shutting dowp the engines, the locals very quickly offloaded the aircraft (15 minutes) and we taxied the aircraft to the civilian side of the field. Once the aircraft was parked I asked the ground handler for a ride back to the secure area but was told that would be impossible. I had the letdown charts for C and D, so I contacted Dick and asked where the crew was. He informed me that they were already enroute to the aircraft. I then contacted Richard at the hotel and advised him that the other SAT aircraft (323) would have the same plates available.

TRIP #1 TO DELTA TO BE PROVIDED BY LEN TOOTLE

TRIP #2, BRAVO TO CHARLIE

We returned to Miami on Saturday night. On Sunday night, Dick called and advised me that negotiations had been successful, and asked when was the earliest we could fly a second trip. I advised him that if we departed Miami Monday night we would arrive in Bravo on Tuesday evening. That would put us into position to operate Wednesday night; (the short notice could not be helped but it forced us into having to purchase extremely expensive tickets). Upon arrival in Bravo, we were met by Amiram and escorted through customs. Amiram was under the impression that we were to operate that Tuesday evening. I advised him that I thought that was a miscommunication and that I would check and advise. (An obvious concern to me was arriving unwelcome in C). After speaking with Richard, we were told that the trip would not go sooner than Wednesday night. I advised Amiram of this and set up a meeting the following morning to work out the com plan and discuss the condition of the aircraft. The com plan was laid out in much the same manner as the first trip. As to the condition of the aircraft we were informed that the items we had written up on the first trip were taken care of with exception of the Omega which apparently had checked out O.K. I then asked if they had

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changed the tail # of the aircraft to VR-BOX instead of the BRBOX that had been painted in error. (Our rational for the former was that it was from Bermuda, and innocuous tail # rather than the latter which may be more inflamatory). Amiram said that it had not been changed but what does it matter because "for me, it is no problem." When I informed him that they were not the people we were worried about, he laughed and promptly changed the subject. (We discovered on our return to Miami that a B rather than a V represents China!) That evening at approximately 1900 LCL an associate of Richards called and advised us that we were on for that night and they would like us to arrive in C at approximately 0700 LCL. I told him that we would depart at 2300 LCL. Once Airborne, we discovered rather quickly that the Omegas did not work properly. Due to the lack of VOR's enroute we utilized the radar to follow the coast. (The concern was that with radar, we were announcing our presence to anybody who might be listening). We made all our Ops' normal calls enroute but the HF frequencies were so cluttered with traffic that we could not hear the responses for the most part. About 30 minutes out of C we called Approach Control. They seemed mildly surprised and asked us to contact Delta Approach and asked for a descent. They said negative, continue toward C. As it was clear, we began our descent anyway. After arrival at C, we were met by a number of officers all western-trained and 20 or so enlisted men who, for the most part, looked like ragamuffins. In addition to the Col. (F-4 trained in the U.S.) there was a gentleman best described as some sort of political officer who seemed to be a peer of the Col. (he wore civilian clothes). We had landed just at 0700 LCL as instructed but the Col. advised us that they had just heard from the headshed that we were coming and that they were in the process of scrambling F-4's when they received the call. I told them that I believed that was a communications problem on their end in as much as we had known the night before. In any case, while we were there, we were cordially treated and it took them approximately 3 hours to offload us with a U.S. gov. issued K loader that was on its last legs.

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Some observations while on the ground at C. As with the first trip the locals were extreamly interested in our point of origin and what nationality we were.They were informed that our point of origin was "somewhere in Europe".As to our nationality ,it is hard to believe that anybody would not have known that we were Americans.In any case they continued to ask.I told the "political" officer that I was Austrian,and less than 10 min's later a man came over and started speaking very poor German to me.In as much as I speak good German I'm sure they were confused.About 20 min's after we arrived 2 F-4's took off.The aircraft had no external ordinance,and only rolled about 2000 ft before they were airborne. They were gone aprox. 1 hr. and upon return did a number of approaches before shutting down.The aircraft appeared to be in good shape, at least visualy.The ground equipment on the other hand were in varying states of disrepair.The enlisted men and officers seemed to work well together.Both groups pitched in equally,and were very enthusiastic.

CHARLIE TO BRAVO

Prior to starting engines we informed the Col. that it was very important that we be given only a clerance to takeoff from the tower.He seemed to understand that we wanted minimal radio traffic,and said he would take care of that problem for us.After closing the cargo door the locals asked if we would be willing to wait another 2 hrs.inorder that they might give us a gift of caviar.I thanked them and said that we were expected to return at a certain time and that it would be better if we did not wait.They seemed disappointed but said they understood.Instead they presented us with 10lbs of pistachios.We started engines and called for a taxi clearance.The tower then proceeded to have 10 min's of conversation with us concerning where we were going what airways we wanted what callsign we were using etc.Due to the shear frustration of dealing with this person we agreed to anything they wanted just to get airborne and stop all this traffic.Once airborne the tower had us contact departure control.Departure wanted us to contact Delta center. This we ignored,as we ignored their repeated attempts to hand us off to Bahrain or Muscat!!!Aprox.2 hrs. into the flight,abeam the border of Oman and Yeman we observed the contrail of an aircraft at about 45000ft traveling much faster than we were(we were at .84 mach) on a heading to intercept us.Andy Hill in 16 hours of flying added 10 years to his life by picking the worst possible moment tolook out of the passenger window to sightsee.At that moment a dessert camouflaged Jaguar from the Oman Airforce arrived on our right wing.What he saw was a white 707 reg [illegible] BRBOX at an alt of 34400ft just outside their FIR.This no doubt arroused their curiosity, as he remained with us for aprox. 7 min's.At one point I came up on 121.5 and asked him as" American" as I could if we could help him? He responded that we need to be careful of the artillery in the area.(we are not sure what that meant)In any case left the area after a time with no further comment.(we transmitted our intercepted will advise message via HF,but it was never received in B.)The remainder of the trip was nominal.

Upon return to B we were given a number to contact Richard in Geneva.The number we were given was short one digit so we were unable to contact him.

RECOMENDATIONS

1.Better coordination at A .

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Ⓢ

2.An alt airport for TQX
3.An understanding with the folks at C concerning com procedures
  and aircraft ETA.
4.Stage the entire operation out of Diego Garcia.(this will allow
  us to fly the entire mission and cross only one FIR.

* * *

CON...

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NO Year
EX DPM - 5
2-3-87

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SECRECY OATH

I, FRANK BELL JR, have gained specific knowledge concerning a sensitive classified operation or mission pertaining to U.S. Government Special Activities. I realize that this operation or mission is security classified within the Espionage Laws of the United States and the National Security Regulations. I have been advised that the information I have or will gain from an authorized representative of the U. S. Government which pertains to this operation or mission is also classified under the Espionage Laws of the United States and the National Security Regulations and this information is not to be revealed to any unauthorized persons, firms, agencies or organizations.

I am obligated to protect from compromise whatever information I now have. The primary subjects to be protected are:

a. The fact that this program was initiated or completed.
b. The detail of any concept which was considered or developed.
c. Lists of personnel, facilities, other special assets involved in these projects.

"I do solemnly swear or affirm that I will not divulge to anyone the nature, general or specific, of the mission, assignment, location, duties, or any information developed concerning them except as specifically authorized by the National Command Authority or designated representative of the specific agency involved. I further understand that this oath is intended to apply for an indefinite period of time."

Sworn and subscribed before me this 19 day of May.

Frank Bell Jr
(Signature)

Position Mgr. Crew Scheduling

(Witness)

5524

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National Security Council

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SECRECT OATH

I, DAVID P. MULLIGAN, have gained specific knowledge concerning a sensitive classified operation or mission pertaining to U.S. Government Special Activities. I realize that this operation or mission is security classified within the Espionage Laws of the United States and the National Security Regulations. I have been advised that the information I have or will gain from an authorized representative of the U. S. Government which pertains to this operation or mission is also classified under the Espionage Laws of the United States and the National Security Regulations and this information is not to be revealed to any unauthorized persons, firms, agencies or organizations.

I am obligated to protect from compromise whatever information I now have. The primary subjects to be protected are:

a. The fact that this program was initiated or completed.
b. The detail of any concept which was considered or developed.
c. Lists of personnel, facilities, other special assets involved in these projects.

"I do solemnly swear or affirm that I will not divulge to anyone the nature, general or specific, of the mission, assignment, location, duties, or any information developed concerning them except as specifically authorized by the National Command Authority or designated representative of the specific agency involved. I further understand that this oath is intended to apply for an indefinite period of time."

Sworn and subscribed before me
this 10th day of FEB.

David P. M
(Signature)

Position SENIOR VICE PRESIDENT OPERATIONS

(Witness)

5524

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Ex# DPM-6 No Date
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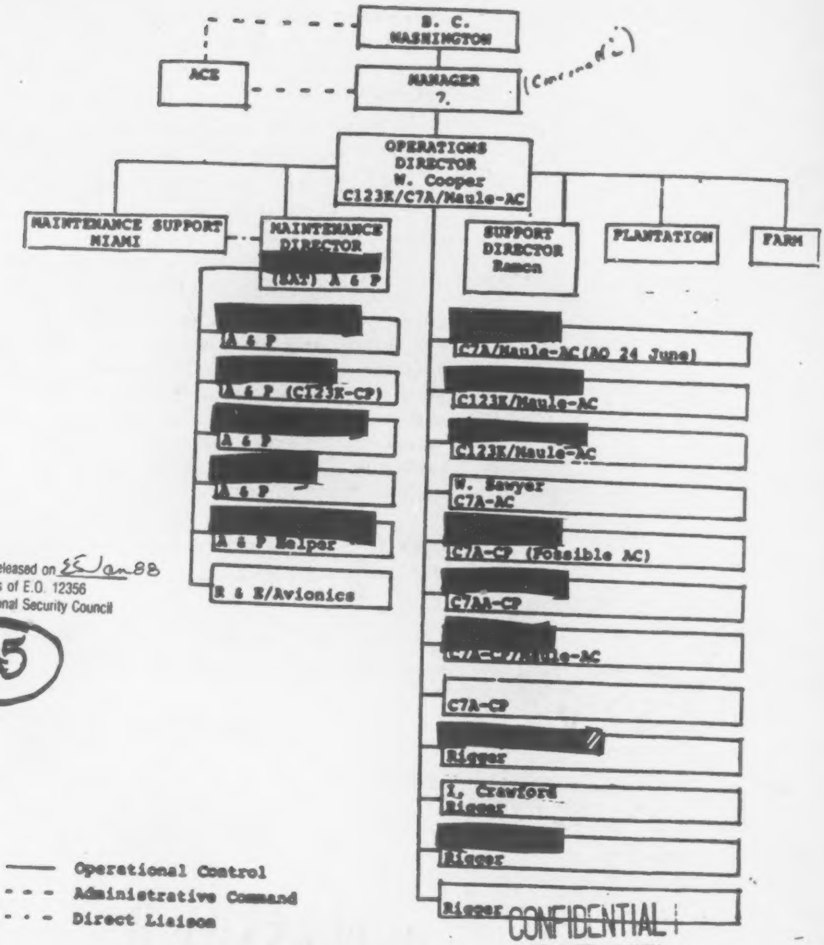
B. C.
WASHINGTON
ACE
MANAGER
7.
OPERATIONS
DIRECTOR
W. Cooper
C123K/C7A/Maule-AC
MAINTENANCE SUPPORT
MIAMI
MAINTENANCE
DIRECTOR
[redacted]
(SAT) A & P
[redacted]
A & P
[redacted]
A & P (C123K-CP)
[redacted]
A & P
[redacted]
A & P
[redacted]
A & P Helper
R & E/Avionics
SUPPORT
DIRECTOR
Ramon
PLANTATION
FARM
[redacted]
C7A/Maule-AC(AO 24 June)
[redacted]
C123K/Maule-AC
[redacted]
C123K/Maule-AC
W. Sawyer
C7A-AC
[redacted]
C7A-CP (Possible AC)
[redacted]
C7AA-CP
[redacted]
le-AC
C7A-CP
[redacted]
Rigger
I. Crawford
Rigger
[redacted]
Rigger
Rigger
Operational Control
Administrative Command
Direct Liaison

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Charter

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Back cover of file

[redacted]

SAT 001148

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[redacted]

[redacted]

From The Desk Of
David P. Mulligan

[redacted]

5526

[redacted]

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[redacted]

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National Security Council

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From The Desk of
David P. Mulligan

692020 Room 823

delayed.

ARR 24/0930 L

load 1½ hrs.

24/1100

25/0800Z

[illegible]

65266

SMT 001150

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[redacted]

harges in connection
er #85004
LIS
$10,000.00

ARROW AIR
7500 N.W. 12th Street • Miami, Florida 33126

[redacted]

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55 26

[redacted]

INVOICE No. 20148

ARROW AIRWAYS, INC.

P O Box 522230 • General Airport Facility • Miami, Florida 33152 • Telephone 305-871 2770 • Toll Free 1-800-327 [illegible]

DATE

SOUTHERN AIR TRANSPORT
MIAMI, FL

ORIGINAL

DATE	AIRWAY BILL NO	DESCRIPTION	AMOUNT	TOTAL
		Demurrage charges in connection with charter #85004 1 Day at 2 Days at [redacted] Total Charge		$30,000.00 ==========

[redacted]

[redacted]

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[redacted]

From The Desk Of
David P. Mulligan

0430

0930 GMT
800

1730
1200

2930
2400

530

25/0100Z
23/1100 ARR
23/2300

[redacted]

[redacted]

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[redacted]

[redacted]

FROM THE DESK OF

994-8027 David P. Mulligan
994-8027

landing rights
including destination
[redacted]

depart 1500 [redacted] 23

Customer handles
load / off-load

Arrow takes care of
grd. equipment

N #
crew names
all. times [redacted]

[redacted]

[redacted]

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SOUTHRNAIR MIA
SOUTHRNAIR MIA

15665 DEFEX P

TLX NR. 72/85 DT: 21.1.85

TO: SOUTHERN AIR TRANSPORT INC.
FROM: DEFEX-PORTUGAL,LDA.

-SS: MR. POIRSON/MR. MALLIGAN
;;;;;

ATT: MR. POIRSON/MR. MALLIGAN
;;;;;;;;;;;;;;;;;;;;;;;;;;;;;;

VRY URGENT
;;;;;;;;;;;

WE ARE DEALING WITH MR. WIEGENSBERG THOLSHIPMENT OF AMMO [redacted]
PLS INFORM US FLIGHT NUMBER AND ARRIVAL
TIME [redacted] AND WHAT
MATERIAL ARE YOU AUTHORIZED TO LOAD

WWWEVRIBLSS POIRSON

AT

433.
;
STATHNAR TNDI
E

THIS IS POIRSON
PLS HOLD A MOMENT

OK.
I WILL HAV TO CONTACT THE AIRLINE
AND SEND YOU THIS INFORMATION
WILL CALL BACK
BIBI FOR NOW

OK BIBI

MANY REGARDS
DIAS ANTUNES.
SOUTHRNAIR MIA

15665 DEFEX P
0948 01/21
PLS REPLY VIA TRT

5526

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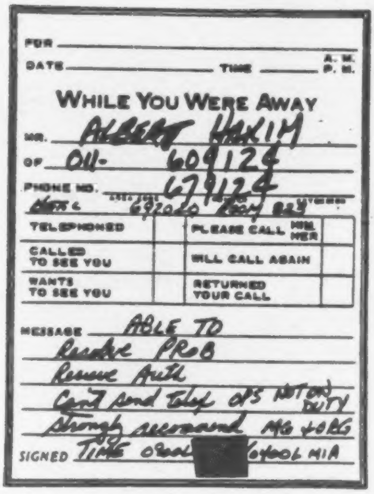
[redacted]

[redacted]



FOR
DATE TIME A.M. P.M.

WHILE YOU WERE AWAY

MR. ALBERT HAKIM
OF 011- 609124
PHONE NO. 679124
AREA CODE NUMBER EXTENSION
Hotel 692020 ROOM 823

TELEPHONED	☐	PLEASE CALL HIM HER	☐
CALLED TO SEE YOU	☐	WILL CALL AGAIN	☐
WANTS TO SEE YOU	☐	RETURNED YOUR CALL	☐

MESSAGE ABLE TO
Resolve PROB
Receive Auth
Can't send Telef ops NOT ON DUTY
Strongly recommend MG + DBG
SIGNED TIME 0800L [redacted] /0400L MIA

[redacted]

[redacted]

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SAT 001156

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GK MIADDEJ
.MIACMJW 182154

ATTN DAVE MULLIGAN

ARROW AIR INC MIAMI FLORIDA U.S.A PLANS TO OPERATE A ONE WAY CARGO
FLIGHT FROM [redacted] ON JANUARY
23 1985
CARGO: APPROXIMATELY 80,000 LBS CLASS "C" EXPLOSIVES
CONSIGNOR: WORLD WIDE ARMS INC. CANADA
CONSIGNEE: [redacted]

ACFT: DC8-63
REG NBR: N6161A
OPERATOR: ARROW AIR INC.
7955 NW 12TH STREET
MIAMI, FL USA 33166
FOLLOWING PROPOSED SKED TIMES GMT
FRY KSWF 221300Z
ARR [redacted] 222100Z CREW REST/ONLOAD CARGO
DEP 231500Z
ARR LPAZ 231800Z FUEL STOP ONLY
DEP LPAZ 231900Z
ARR MKPA 240130Z FUEL STOP ONLY
DEP MKPA 240230Z
ARR [redacted] 240530Z
DEP 240830Z
ARR MJSJ 241030Z FRY

STN/HANDLER/JW REP/RADIO/FUEL/FUEL DISPO

[redacted] --/ESSO/--
LPAZ/SAYA/--/--/ESSO
MKPA/LIAT/MR BROWN/--/TEXACO/--
REMARKS: AA/ALL TIMES GMT
BB/STATION MANAGERS AND REP PLS ENSURE THAT TWO COPIES OF THIS SET-UP GO INTO TRIP FOLDER ALONG WITH FLIGHT PLANS AND WEATHER
CC/ALL ONLOAD [redacted] DONE BY CHARTERER, [redacted] RESPONSIBLE FOR PAPERWORK/STAIRS/APU-NORMAL GROUND HANDLING BUT NOT FOR ONLOAD
DD/LPAZ AND MKPA FUEL STOPS ONLY
EE/DUE NATURE OF CARGO - ALL STATIONS INVOLVED PLS NOTIFY PROPER AUTHORITIES TO INSURE ORDERLY TRANSIT

RGDS, JACK CREED

18JAN2226 0042 JWN

– Wagensbach NBG
Wants valid arms

10500 Kilos ALL

Not 0130 Z [redacted] 757/
1.20 GMT

[redacted]

Gen. Secord

O
H
[illegible]

[redacted]

55526

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[redacted] [redacted]

3/6/

18

GOOD TIMES

```
GJ MIADDSJ
.MIADDJW 231834
FOLLOWING IS NEW REVISED SKED OF [redacted] CHARTER....
CHARTER [redacted] 241122Z  LPAZ 241300Z FUEL STOP ONLY
        LPAZ 241400Z  MKJP 242100Z FUEL STOP ONLY
        MKJP 242203Z [redacted] 250230Z OFFLOAD CARGO
FERRY [redacted] 252532Z  KMIA 260730Z.

A/C REG N541JW
CREW OF FIVE U.S. NATIONALS.

PERRY/JW FLT CTL.

23JAN1838 0052 JWN
```

:45 minutes
1 hr.
6-6:30

2300/z

[redacted] [redacted]

CON[redacted]

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Amfac Hotel

4900 MM
5.8 .81
1800 .50 CAL
10500 .762 x 39

43,18 Kilos

[redacted]

MR JOSE GARNEL - EU3

OFF [redacted]
Home

parking garage

MR. ATUNES - [redacted]
BRITO

[redacted] Mgmt.

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8MAR85
Ex#DPM-8

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REQUEST FOR CHECK

DATE: March 8, 1985

This check to be issued in the amount of $ 107,000.00

Payable To: Argon Air

For Purch. Transp.

Charge to Account # ____________________

Approved By : ____________________

Requested By: ____________________

Check No. 1560 FNBC

Check Date: 3-8-85

Bank: S.E. First National ________ First National Bank of Chicago ✓

5527

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SM 001748

SNT 001748

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ARROW AIR

Contract No. 85105/17

AGREEMENT OF AIRCRAFT CHARTER

This agreement is made and entered into at Miami, Florida this 8th day of March, 19 85, by and betwee Southern Air Transport, Inc. called the "Charterer", and ARROW AIRWAYS INC., a Delaware corporation, hereinafter called the "Carrier". Both parties hereby agree to all of the terms, provisions and statements hereon, and on the reverse side hereof.

Southern Air Transport
CHARTERER

Miami International Airport
ADDRESS

Miami, Fl
CITY AND COUNTRY

Same
CONSIGNEE IF APPLICABLE

ADDRESS

CITY AND COUNTRY

CHARGE: ☐ CONSIGNOR ☐ CONSIGNEE ☐ Southern Air Transport
OTHER

[redacted]

[redacted]

DC8-63F
AIRCRAFT TYPE

Fuel and technical stops as necessa
STOPPING PLACES

March 17, 1985
DATE TO START

No Declared Value
DECLARED VALUE

PICKUP & DELIVERY SERVICE REQUIRED

CHARTERER AGREES TO THE TERMS AND CONDITIONS STATED ON THE REVERSE SIDE HEREOF AND ALSO THE ADDITIONAL TERMS AND CONDITIONS STATED IN ATTACHMENT "A" HERETO.

Having first read all of the terms, provisions and statements hereon and on the reverse side hereof, the parties have executed this agreement on the day and year first written above:

ARROW AIRWAYS, INC.

By
David M. Sowers, Vice President

SOUTHERN AIR TRANSPORT, INC.
CHARTERER

By 3.18.85
Senior Vice President - Operations

Charter Price	107,000	00
Pick Up and Delivery	By Charterer	
LOADING Off Loading	By Carrier By Charterer	
Insurance Charge	None Provided	
Excess Valuation	None Declared	
Charges Advanced		
TOTAL	107,000	00
Less Pre-payment Pd 3/13/85 Check No 1560		
BALANCE DUE	107,000	00

CONFIDENTIAL SAT 001748 SAT 001749

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ARROW AIR

AGREEMENT OF AIRCRAFT CHARTER

ATTACHMENT "A"

ADDITIONAL CONTRACT TERMS AND CONDITIONS

Notwithstanding any terms and conditions stated elsewhere in this contract, the following additional terms and conditions will apply:

18. Charterer agrees that this flight is to be operated on the following schedule (all times GMT)

Aircraft will be positioned for loading at LIS approximately 0600Z/March 17.

Dep [redacted] 2359Z March 17
Arr SMA 0300Z March 18
Dep SMA 0400Z
Arr ANU 0930Z
Dep ANU 1030Z
Arr [redacted] 1330Z

Aircraft to be offloaded at destination and ready to depart by 1630Z/March 18.

19. Charterer agrees that should the cargo not be available at origin in sufficient time to load and depart within three (3) hours of schedule, Carrier has the right to return the aircraft to its base of operations.

Should this happen, Charterer agrees that Carrier shall be entitled to charges for positioning and depositioning [redacted] at the rate of $4,700.00 per block hour.

20. Subject to Carrier's concurrence, should the Charterer cause any delays at origin or destination beyond three hours, Carrier shall be entitled to a demurrage charge of $1,000.00 per hour. Nothing herein shall require Carrier to delay the flight by more than three hours.

(continued)

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SAT 001750

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AGREEMENT OF AIRCRAFT CHARTER
ATTACHMENT "A"
ADDITIONAL CONTRACT TERMS AND CONDITIONS

21. Charterer shall be responsible for providing to Carrier a complete and actual manifest of cargo to be carried on this flight, as well as any other documentation required by countries of origin and destination. Should the documentation not be acceptable to the pilot in command, the pilot may decline to operate the flight and Carrier will be entitled to collect the charges set forth in point 20 above.

ARROW AIR, INC.
David M. Sowers, Vice President

3.13.85
SOUTHERN AIR TRANSPORT, INC.

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SOUTHERN AIR TRANSPORT, INC.

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Date Of Check: Jan 18, 1985

Pay to the Order of Arrow Air

Amount of Purchase: $104,000 FOR: Brokered Trip

Purchase Order # ____

Airwaybill # ____

Department ____

Charge to Account # ____

Approved by: ____

Requested by: ____

(For Accounting Use Only)

Check No. 1513 Check Date: 1-18-85

Banks: S.E. Nat'l ____ First Nat'l Chicago ✓

CHECK REQUEST

Date Of Check: 1-28-85

Pay to the Order of Arrow Air

Amount of Purchase: ~~$104~~ 19,000.00 FOR: Trip 1-18

Purchase Order # ____

Airwaybill # ____

Department ____

Charge to Account # 73480031

Approved by: ____

Requested by: TC

(For Accounting Use Only)

Check No. 1521 Check Date: 1-28-85

Banks: S.E. Nat'l ____ First Nat'l Chicago ✓

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SAT 001752

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4 Dec 85
Ex #DPM-9
2-3-87

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N 5235J

W.L. for 707 o/s

12/4/85

			Local Time	
OAK	1600Z	Saturday	0800	SAT
[redacted]	0230/0630Z	Sunday	0330/0730	Sun
SMA	0900/1030		1200/1330	↓
BDA	1530/1700		1930/2100	
[redacted]	2200/0200		1600 ~~[illegible]~~/2000	
OAK	0730	Monday	2330	Sunday

John Morris
Eric Greeling
Jack Higg[illegible]rich
Fred G[illegible] LM

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5528

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SA[illegible]13

17 Sep85

UNCLASSIFIED Ex #DPM-10
2-3-87

[illegible]

[illegible]

SOUTHERN AIR TRANSPORT, INC.
P.O. BOX 1236, INTERNATIONAL AIRPORT, MIAMI, FLORIDA [illegible]

508110

GENERAL DECLARATION

(Outward/Inward)

AGRICULTURE, CUSTOMS, IMMIGRATION, AND PUBLIC HEALTH

Owner or Operator SOUTHERN AIR TRANSPORT, INC.

Marks of Nationality and Registration N 250 SF Flight No. SJ-2031 Date 9/17/85

Departure from MIAMI, FL/~~TEGUCIGALPA~~ (Place and Country) Arrived at TEGUCIGALPA, HONDURAS/~~MIAMI FL.~~ (Place and Country)

FLIGHT ROUTING

("Place" Column always to list origin, every en-route stop and destination)

PLACE	TOTAL NUMBER OF CREW	NUMBER OF PASSENGERS ON THIS STAGE	CARGO
MIAMI, FL.	M. WEBBER (USC) CAPT.	Departure Place: Embarking 0 Through on same flight 0 Arrival Place: Disembarking 0 Through on same flight 0	Cargo Manifests Attached
TEGUCIGALPA	J. SIM (USC) F/O		
	R. SIMONDS (USC) F/E		
	SOMPORN (USC) L/M		
	R. BONARDI (USC) Extra Crew		

Declaration of Health

Persons on board known to be suffering from illness other than airsickness or the effects of accidents, as well as those cases of illness disembarked during the flight

NONE

Any other condition on board which may lead to the spread of disease

NONE

Details of each disinsecting or sanitary treatment (place, date, time, method) during the flight. If no disinsecting has been carried out during the flight give details of most recent disinsecting

AIRCRAFT SPRAYED 20 MIN. BEFORE ARRIVAL

Signed, if required ______ (Crew Member Concerned)

For official use only

CLEARED
MIAMI, FLORIDA
SEP 17 1985
DATE
1521
CUSTOMS INSPECTOR

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SAT 000687

I declare that all statements and particulars contained in this General Declaration, and in any supplementary forms required to be presented with this General Declaration are complete, exact and true to the best of my knowledge and that all through passengers will continue/have continued on the flight.

SIGNATURE Elena Bode

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by K. Johnson, National Security Council

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17 Sep 85
Ex # DAM-11
2-3-87

[illegible]

SOUTHERN AIR TRANSPORT

CARGO MANIFEST
GUIA AEREA

OWNER OR OPERATOR (Propietario o explotador): SOUTHERN AIR TRANSPORT

AIRCRAFT (Aeronave): N 250 SP
FLIGHT NO. (Vuelo No.): SJ-2031
DATE (Fecha): 9/17/85

POINT OF LADING (Lugar de carga): MIAMI, FL. U.S.A. (PLACE AND COUNTRY) (Lugar y País)
POINT OF UNLOADING (Punto de descarga): TEGUCIGALPA, HONDURAS (PLACE AND COUNTRY) (Lugar y País)

MARKS AND NUMBERS OF PACKAGES (Marcas y números de los paquetes)	NUMBER AND TYPE OF PACKAGES (Número y tipo de paquetes)	NATURE OF GOODS (Naturaleza de la carga)	GROSS WEIGHT (Peso Bruto)	FOR USE BY OWNER OR OPERATOR ONLY (Sólo para uso del propietario o explotador)	FOR OFFICIAL USE ONLY (para uso oficial solamente)
00-3632	16	PAPER AND 2 PCS OF OFFICE MACHINES	42250#	TRIBUNAL NACIONAL ELECCIONES DE HONDURAS	S.E.D.

5530

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~~SAT~~ 000688

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16 Sep 85
Ex OAM-12
2-3-87

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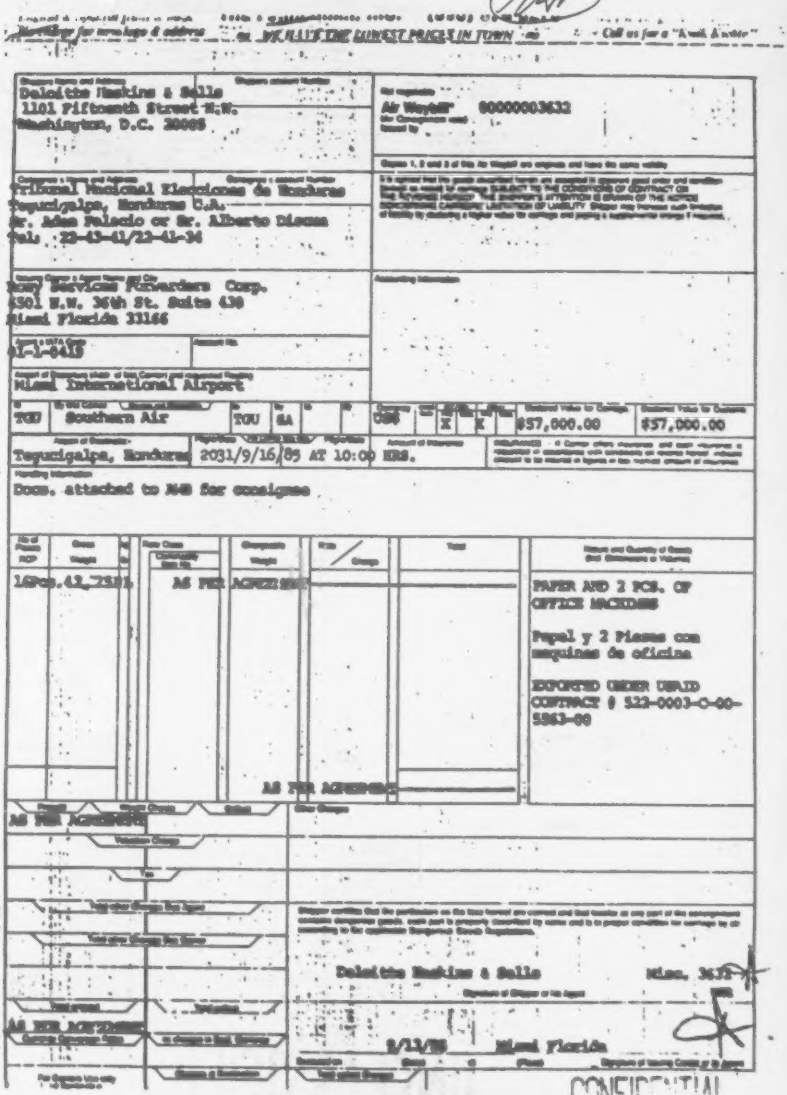

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Air Waybill 00000003632

Tribunal Nacional Elecciones de Honduras
Tegucigalpa, Honduras C.A.
Sr. Adan Palacio or Sr. Alberto Discua
Tel: 22-43-41/22-41-34

Roxy Services Forwarders Corp.
6301 N.W. 36th St. Suite 430
Miami Florida 33166

01-1-0415

Miami International Airport

TGU	Southern Air	TGU	SA	USS	X	X	$57,000.00	$57,000.00

Tegucigalpa, Honduras 2031/9/16/85 AT 10:00 HRS.

Docs. attached to AWB for consignee

16Pcs. 42,7381 AS PER AGREEMENT

PAPER AND 2 PCS. OF OFFICE MACHINES

Papel y 2 Piezas con maquinas de oficina

EXPORTED UNDER USAID CONTRACT # 522-0003-C-00-5363-00

AS PER AGREEMENT

AS PER AGREEMENT

AS PER AGREEMENT

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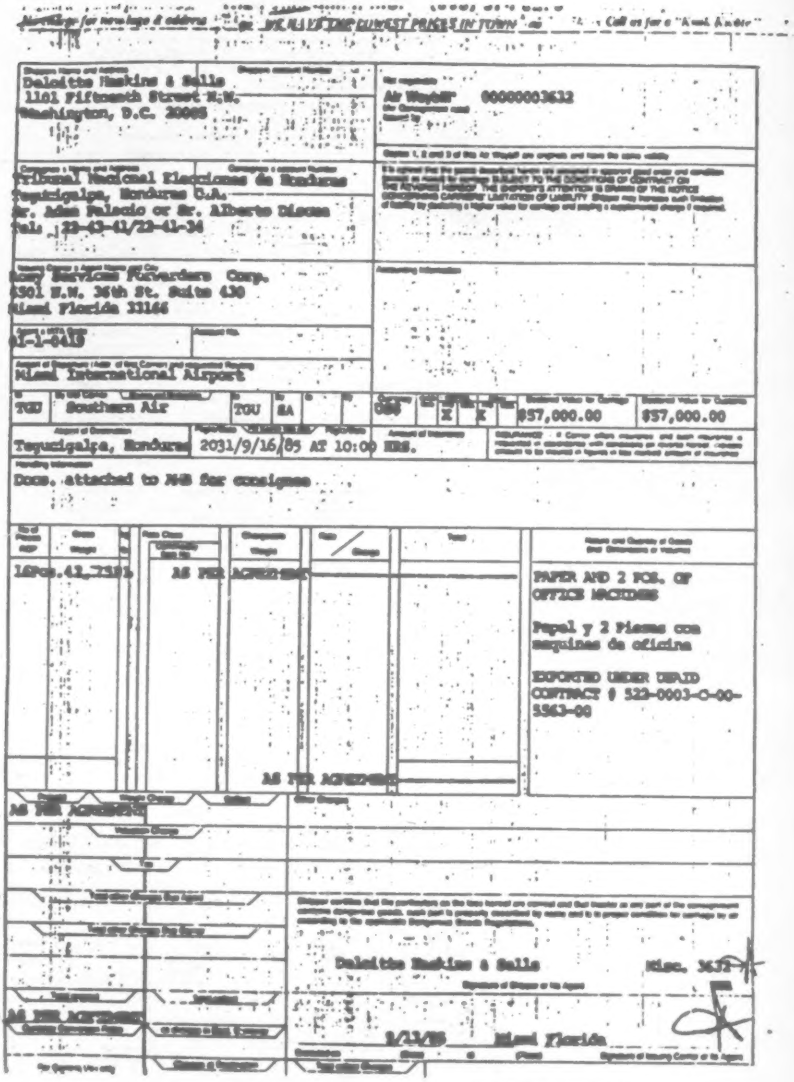

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Tribunal Nacional Elecciones de Honduras
Tegucigalpa, Honduras C.A.
Sr. Adan Palacio or Sr. Alberto Discua
Tel: 22-43-41/22-41-34

Romy Services Forwarders Corp.
5301 N.W. 36th St. Suite 430
Miami Florida 33166

01-1-0419

Miami International Airport

TGU Southern Air TGU SA

X X $57,000.00 $57,000.00

Tegucigalpa, Honduras 2031/9/16/85 AT 10:00 HRS.

Docs. attached to AWB for consignee

16Pcs. 42 7391 AS PER AGREEMENT

PAPER AND 2 PCS. OF OFFICE MACHINES

Papel y 2 Piezas con maquinas de oficina

EXPORTED UNDER USAID CONTRACT # 522-0003-C-00-5563-00

AS PER AGREEMENT

AS PER AGREEMENT

AS PER AGREEMENT

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Form approved O.M.B. No. 41-R0397

U.S. DEPARTMENT OF COMMERCE, BUREAU OF THE CENSUS–ITA, BUREAU OF EAST-WEST TRADE

SHIPPER'S EXPORT DECLARATION

OF SHIPMENTS FROM THE UNITED STATES

Export Shipments Are Subject To Inspection By U.S. Customs Service and/or The Office of Export Control

READ CAREFULLY THE INSTRUCTIONS ON BACK TO AVOID DELAY AT SHIPPING POINT

Declarations Should be Typewritten or Prepared in Ink

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Authentication (When required)

FILE NO. (For Customs use only)

Do Not Use This Area	District	Port	Country	(For customs use only)
	52	06		

1. FROM (U.S. Port of Export) Miami Fla.

2. METHOD OF TRANSPORTATION (check one) ☐ Vessel ☒ Air ☐ Other (Specify) ______

3. EXPORTING CARRIER (If vessel, give name of ship, flag and pier number. If air, give name of airline) [illegible] SAT

3. EXPORTER (Principal or seller — licensee) Deloitte Haskins & Sells ADDRESS (Number, street, place, state) 1101 Fifteenth Street N.W. Washington D.C. 20005

4. AGENT OF EXPORTER (Forwarding agent) Rosy Services Forwarders Corp. ADDRESS (Number, street, place, state) 6501 N.W. 36th St. Suite 430 Miami Florida 33166

5. ULTIMATE CONSIGNEE ADDRESS (Place, country) Tribunal Nacional Elecciones de Honduras/Tegucigalpa Honduras C.A.

6. INTERMEDIATE CONSIGNEE ADDRESS (Place, country) Sr. Adan Palacio or Sr. Alberto Discua Tel: 22-43-41/22-41-34

7. FOREIGN PORT OF UNLOADING (For vessel and air shipments only) Tegucigalpa

8. PLACE AND COUNTRY OF ULTIMATE DESTINATION (Not place of transshipment) Honduras

(9) MARKS AND NOS.	(10) NUMBER AND KIND OF PACKAGES, DESCRIPTION OF COMMODITIES, EXPORT LICENSE NUMBER OR GENERAL LICENSE SYMBOL (Describe commodities in sufficient detail to permit verification of the Schedule B commodity numbers assigned) (Do not use general terms)	(11) SHIPPING (Gross) WEIGHT IN POUNDS (required for vessel and air shipments only)	(12) "D" or "F"	(13) SCHEDULE B COMMODITY NO.	(14) NET QUANTITY IN SCHEDULE B UNITS (State unit)	(15) VALUE AT U.S. PORT OF EXPORT (Selling price or cost if not sold, including inland freight, insurance and other charges to U.S. port of export) (Nearest whole dollar; omit cents figures)
As Addr.	Offset Paper	42,000#	D	256.3055	41128#	$ 45,000.00
	Signing Machines 2-	250#	D	676.1200	2 No.	12,000.00
	EXPORTED UNDER USAID CONTRACT #522-0003-C-00-3563-00					

These commodities licensed by U.S. for ultimate destination Honduras. Diversion contrary to U.S. law prohibited.
VALIDATED LICENSE NO. OR GENERAL LICENSE SYMBOL

16. BILL OF LADING OR AIR WAYBILL NUMBER [illegible] SAT 0000-3632

17. DATE OF EXPORTATION (Not required for shipments by vessel) 9/17/85

18. THE UNDERSIGNED HEREBY AUTHORIZES ______ (Name and address—Number, street, place, State) TO ACT AS FORWARDING AGENT FOR EXPORT CONTROL AND CUSTOMS PURPOSES.

EXPORTER Deloitte Haskins & Sells (DULY AUTHORIZED BY OFFICER OR EMPLOYEE) ______

19. I CERTIFY THAT ALL STATEMENTS MADE AND ALL INFORMATION CONTAINED IN THIS EXPORT DECLARATION ARE TRUE AND CORRECT. I AM AWARE OF THE PENALTIES PROVIDED FOR FALSE REPRESENTATION. (See Paragraphs I (e), (f), on reverse side.)

MISC.363

Signature ______ (Duly authorized officer or employee of exporter or named forwarding agent) For Rosy Services Forwarders Corp. (Name of corporation or firm, and capacity of signer: e.g., secretary, export manager, etc.)

Address 6501 N.W. 36th St. Suite 430 Miami Fla. 33166

Declaration should be made by duly authorized officer or employee of exporter or of forwarding agent named by exporter.
a. If shipping weight is not available for each Schedule B item listed in column (13) included in one or more packages, insert the approximate gross weight for each Schedule B item. The total of these estimated weights should equal the actual weight of the entire package or packages.
b. Designate foreign merchandise (reexports) with an "F" and exports of domestic merchandise produced in the United States or changed in condition in the United States with a "D". (See instructions on reverse side.)

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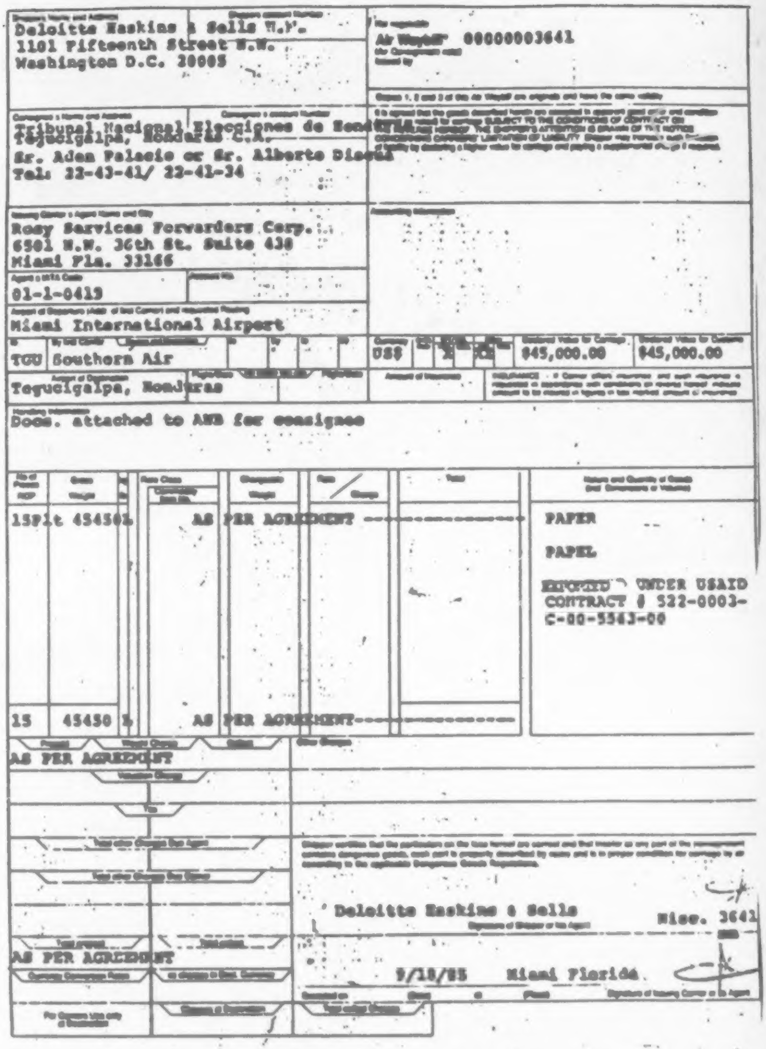

Deloitte Haskins & Sells W.P.
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Washington D.C. 20005

Air Waybill 00000003641

Tribunal Nacional Elecciones de Honduras
Tegucigalpa, Honduras C.A.
Sr. Aden Palacio or Sr. Alberto Diaz
Tel: 22-43-41/ 22-41-34

Rosy Services Forwarders Corp.
6501 N.W. 36th St. Suite 438
Miami Fla. 33166

01-1-0413

Miami International Airport

TGU Southern Air

US$ $45,000.00 $45,000.00

Tegucigalpa, Honduras

Docs. attached to AWB for consignee

15Plt 45450L AS PER AGREEMENT

PAPER

PAPEL

EXPORTED UNDER USAID
CONTRACT # 522-0003-
C-00-5543-00

15 45450 L AS PER AGREEMENT

AS PER AGREEMENT

Deloitte Haskins & Sells Misc. 3641

AS PER AGREEMENT

9/18/85 Miami Florida

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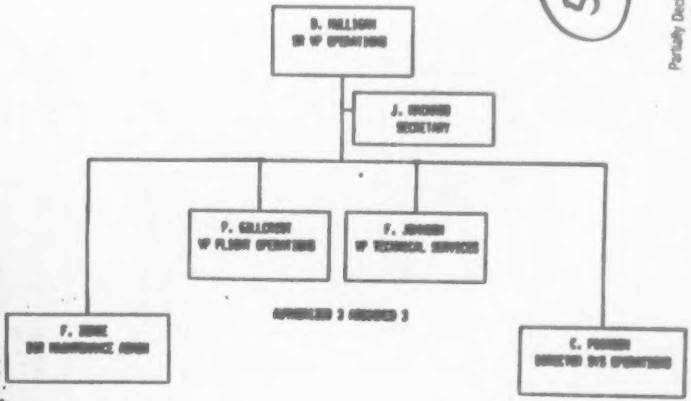
OPERATIONS DEPARTMENT


D. MULLIGAN
SR VP OPERATIONS
J. [illegible]
SECRETARY
F. [illegible]
VP FLIGHT OPERATIONS
F. [illegible]
VP TECHNICAL SERVICES
F. [illegible]
DIR MAINTENANCE ADMN
C. [illegible]
DIRECTOR SYS OPERATIONS
AUTHORIZED 3 ASSIGNED 3

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TRANSCRIPT OF PROCEEDINGS

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UNITED STATES SENATE

HSIC 56/87

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SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

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DEPOSITION OF ALEX G. NAGY

UNCLASSIFIED

4066

Washington, D. C.

Wednesday, March 18, 1987

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under provisions of E.O. 12356
by N. Menan, National Security Council

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF ALEX G. NAGY

Washington, D. C.
Wednesday, March 18, 1987

Deposition of ALEX G. NAGY, called for examination by the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition, at the Old Executive Office Building, Seventeenth Street and Pennsylvania Avenue, N.W., Room 115, at 12:15 p.m. before WENDY S. COX, a Notary Public within and for the District of Columbia, when were present:

CAMERON H. HOLMES, ESQ.
Associate Counsel
Senate Select Committee
Hart Senate Office Building
Room SH-901
Washington, D. C. 20510
On behalf of the Committee.

ALAN CHARLE RAUL, ESQ.
Associate Counsel to the President
The White House
On behalf of the Deponent.

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-- continued --

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APPEARANCES (Continued):

ARNOLD INTRATER, ESQ.
General Counsel
Office of Administration
Room 480
Old Executive Office
  Building
17th Street & Pennsylvania
  Avenue, N.W.
Washington, D. C.

ALSO PRESENT:

DENNIS TETI
CLARK B. HALL
Investigators
House Select Committee

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CONTENTS

WITNESS	EXAMINATION
Alex G. Nagy by Mr. Holmes	4

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PROCEEDINGS

Whereupon,

ALEX NAGY

was called as a witness and, having first been duly sworn, was examined and testified as follows:

MR. RAUL: If I could just make an opening -- some opening points.

MR. HOLMES: Sure.

MR. RAUL: I want to note that Mr. Nagy is appearing here voluntarily pursuant to the letter request submitted by the Senate Select Committee signed by Chairman Inouye and Vice-Chairman Rudman.

Mr. Nagy, beside myself is Arnold Intrater, counsel for the Office of Administration. This deposition will be unclassified, so that should any classified matters arise, in your opinion, if you could just indicate that that might come up, we will go off the record and figure out how to provide that information in another matter. Although I don't anticipate that there would be any subjects falling into that category, but just so that it is clear that classified information won't be discussed during the deposition. Thank you very much for giving us this

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opportunity.

EXAMINATION

BY MR. HOLMES:

Q Mr. Nagy, would you please state your name.

A Alex G. Nagy.

Q What is your employment title?

A I am the director of the White House and Executive Office of the President telephone services.

Q How long have you had that position?

A Since November 1978.

Q Have you ever had your deposition taken before?

A No, I have not.

Q I want you to just relax and listen to the questions. If you don't understand a question, stop me, and I will rephrase the question or ask another question.

A All right.

Q If you don't stop me, I will assume that you understood it; is that fair?

A Yes, sir.

Q You have to answer audibly so that she can take down your response. She is instructed not to try and read your nods or your facial expressions, just the words, do you understand?

A Okay.

Q If we get into highly technical areas, I would like you to try and speak down to as general an audience as you possibly can, so we can understand the phraseology, take the time necessary to translate, if you would, please. Is that okay?

A Yes.

Q I wonder if you could describe in general the White House system over which you have control?

A Basically it is the White House administrative telephone system, which encompasses the White House and Executive Office of the President agencies within the 18 acres of the compound. The system is a telephone system which we call on-premises, on-site location. It's in the basement of the Old Executive Office Building. It provides telephone service, telephone lines, throughout the complex, approximately, I would say, 4000 telephone lines are utilized on the system.

Q 4000 different telephones?

A Telephone lines, the circuit numbers, lines, like four, five, six for one floor, whatever. The instruments, now, the telephone instruments, you probably could roughly double, say, 8000 telephone instruments throughout the complex.

Q Who provides the instrumentation?

A The instrumentation is provided by the AT&T.

Q Who provides the line service?

A C&P Telephone Company.

Q Under what kind of arrangement is the line service provided by C&P?

A It's on a lease-type, it's a lease with C&P and AT&T. Both are under lease. It's been in existence since day 1 at the White House, way back before my time.

Q The lease-type system was in effect prior to November of '78?

A Yes.

Q Is that pursuant to a contract that is renewed yearly?

A No, it is not renewed yearly.

Q What is the term of the contract?

A As far as I know, a lifetime contract, unless it's changed by us. It has to do with security aspects to the Secret Service. The on-premises telephone switch was put in place at the White House after the President Kennedy assassination. It was mandated by the Warren Commission that we have an on-premise telephone switch here for security purposes.

Q Do the security purposes affect the way the phone system monitors itself for billing purposes?

A No, it does not.

Q Does the White House switch operate as a regular commercial switch would for those purposes?

A Yes, in essence, it would.

Q So that if a long distance call is made from here, a billing entry is created in relation to that particular call?

A That's correct. The billing comes from AT&T for long distance.

MR. RAUL: Is that in every case, Mr. Nagy?

THE WITNESS: It is only in cases where you dial 9, then the area code. And then a bill will be generated monthly designating where that call -- what number originated that call, the numbers, the duration of time and the cost, just like if you were home placing a long distance telephone call.

BY MR. HOLMES:

Q How many other ways are there of making a long distance call?

A Within the continental United States, the FTS system, the Federal Telecommunications System.

Q Is that only other way other than dialing a 9 and the area code?

A Well, there are ways -- let me define a little further about the long distance. If someone originates a call in their office by dialing 9 and 0, it automatically is processed through the long distance outside our capabilities, where the bill is originated, coming back, showing you that number. If they dial zero and get the White House switchboard operating, then the telephone switchboard operator would place the call for the individual. The billing number would come back reflecting the main number at the White House, 456-1414.

Q Under what circumstances do people use the main switchboard operator to generate their long distance phone calls?

A Usually -- well, the majority of calls for your senior officials in the administration are placed by the

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operator, where they would get the operator directly by either dialing zero or have a direct line to the switchboard off of the switchboard, where they would ask the operator to process the call for them.

Q So, for the senior officials, there is no record of where the call originated as far as AT&T is concerned?

A Not unless it's dialed directly from their telephone.

Q Yes, because if they were through the operator, they simply reflect the 456-1414 origination?

A That is correct.

Q Within the system here on the 18 acres, what record is generated of the origination of calls that, in fact, go through the operator?

A There is no record.

Q Now, is the White House staff monitored as to possible abuses of the telephone system, excessive long distance time?

A The only way that they are monitored, the monthly bill, which I get the monthly bill. In turn, I more or less do an analysis on the bill, to see what time the call is placed, location, so on. Then we query that office. And if

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there is some questionable doubt about the call.

Q My question is how do you know which office to query?

A There is no way to know from the switchboard, if it just designates the number of the office, that's the way. There's no way on the switchboard you would know where it originated from, because it goes to the 1414 bill.

Q So the senior officials, in effect, have carte blanche on their long distance calls?

A Yes.

MR. RAUL: Mr. Nagy, are there any temporary records that are kept that you use for just -- just to make sure that the telephone company hasn't made any mistakes?

THE WITNESS: Well, the operator fills out a little ticket for the long distance calls, and this is basically an in-house operation. You utilize mostly for -- say the call did not go through, for some reason or another it was busy or whatever. They would then ask if the person placing the call, if they would like for them to keep on trying that call till they got through. That is a daily-type record that is kept by the operations of the operator. I do keep the tickets for the long distance calls that are placed,

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when I match it up to the long distance bill to assure that that call actually did go through, for paying purposes.

BY MR. HOLMES:

Q How long do you keep track of those?

A Usually it's a month, because it's pretty accurate to get a bill within a month's period.

Q Are there exceptions to the one month?

A There may be, on occasion. I think it has gone two months at the most.

Q Have you impounded any particular months for your own internal information or any external requests over the last year?

A No, I have not.

Q So all you have on hand now is perhaps the last month or so?

A Right, February, I would say, yes.

Q What do those tickets look like?

A They are manufactured by GSA. There are a standard toll ticket type. It has information -- the number the call is coming from, the party placing the call, the number they are calling and the location, state or whatever, the country. The time that the call was placed. They put

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the time down, when it was connected.

Q What do you do with those tickets on a monthly basis of where are they stored?

A I have them down in my office.

Q You keep them in your office?

A Yes.

Q You collect them from the various operators?

A Yes. They are kept in the operational area till the end of the month. The first of the month, I take them. Because we get the bill in around the 10th of the month, the long distance bill, we usually get it. That is for the preceding month.

Q Let's discuss the FTS calls. How are they arranged?

A Okay. The FTS calls, there are no records of FTS calls at the White House, since the sensitivity of the switch and Secret Service interest in it. In order to have a record, GSA wanted to put some metering devices in their switch so they could get the information that they needed. This is back in, I believe it was in July of '84 they came up with that request. Secret Service would not honor that. So the way that we are billed for FTS calls is basically by the

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use of the trunks. We have 55 FTS trunks in our telephone switch. A random survey is pulled on the usage of that trunk, broken down into minutes per month that it is used. That information is provided to GSA by C&P Telephone Company.

Q Explain the billing mechanism then. C&P does sort of a spot check random usage?

A Yes. Whenever GSA goes to C&P and requests the usage of the trunks, C&P provides the information during that time period that they are requesting on. It's usually in minutes in the day or month that it's utilized.

Then we are billed basically like on a flat rate basis. It's a physical year billed as generator for the usage of the 55 trunks at the White House.

Q GSA allocates a budgetary transfer from White House budget to general fund on the basis of that data?

A Yes. Well, when we get -- when I get the bill, the bill comes to me, I further break it down on a pro rata basis. What I mean by pro rata, based upon the amount of lines that each agency has with the FTS capability on it.

Q How many agencies are you talking about?

A We are talking about 17.

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Q Is there a list somewhere of all of these?

A I could provide a list. COP, OMB.

MR. RAUL: I am sure there is. In fact, it must be in the Code of Federal Regulations. Just the agencies within the Executive Office of the President?

THE WITNESS: Yes. Within our complex. There are some outside of our complex.

BY MR. HOLMES:

Q These are all agencies within the Executive Office of the President?

A Yes within our compound, the 18 acres here.

Q Then you, in turn, make the billing to each of those 17 agencies as based on a pro rata share?

A Then on the pro rata, I provide the percentile back to GSA, who in turn bills the agency on a quarterly basis.

Q GSA bills each agency direct?

A Correct.

Q I assume that from time to time people call the White House with harassing or threatening intentions?

A Yes, just about everyday.

Q I assume that you have made provisions for that in

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your telephone system?

A We have procedures for that, yes.

[redacted]

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[redacted]

Q You wouldn't have any knowledge of any particular [redacted] projects that may or may not have taken place in the NSC Staff files?

A No.

Q Do you have pay phones on the premise?

A Yes, we do.

Q How are those managed?

A Basically just like all the other pay phones. They are usually on each floor, I think, at the end of the hall. You pay your 25 cents or 20 cents, whatever it is, and make your phone calls on them. Just like any other pay phone.

Q Are those routed through your White House switch?

A No, they are commercial lines. They don't go through our switch.

Q They are completely separate and apart from your system?

A Correct.

Q They would be accounted for in the same manner as any other pay phone in the District?

A That's correct.

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Q Through whatever the switch and computer line or system that C&P has?

A That's correct.

Q Are there any records of -- are there any electronic recordkeeping systems in place on any White House telephones?

A No, there are not.

Q Are you talking about within your system at all?

A I am talking within the system that we have here on our premises, the telephone lines for the EOB and White House go through.

MR. RAUL: I assume you understand that all of Mr. Nagy's answers are to his knowledge. I am not implying anything else, but only that it is clear that Mr. Nagy is responding as to what he knows about that comes under his jurisdiction. I am not suggesting that there are other matters, only that this should be clear.

BY MR. HOLMES:

Q Let's narrow it down to what you know about it, okay?

A Basically, it gets to be in a technical area which I am not that expertise in, when we are talking about the telephone switch itself. May of last year, the end of May, the last day in May, the present telephone switching center was implemented in the bottom of this basement. They replaced an old manual -- Number 5 cross bar switch, best way to describe it, the terminology, it's a manual type. The present system is called DMS-100, digital telephone switch. That was activated end of May of last year.

The primary reason for the activation of it was, of course, the old obsolete one was really detrimental in maintaining it. They ran out of parts, qualified people and so on. So the new switch utilizes a state of the art technology, less people to man it, and the whole salesmanship that they give you with it.

Now, the new switch has certain capabilities in it that could be offered to a subscribed use, detailed call recording, for one, where it gives you information on every call that is placed from the telephone going outside of the complex, nothing internal.

In order to implement that in this switch, which, really, in our needs at the White House, there is no useful purpose for it, you would have to purchase additional equipment, you would have to go into an additional leasing requirement, leasing time, what they call time shared off of the switch from C&P, et cetera. We are talking a rough estimate of maybe 100,000 to $150,000 to do that. Contrary to what they say about electronics, that you utilize less people, that's not true, you would have to have more people to maintain records and everything else.

There was no need for the -- there is no need for it here at the White House, to have that type of recordkeeping.

Q So you elected not to have it?

A Yes, like numerous other subscribers also have it.

Q Sure. Are employees of the White House instructed to keep phone logs of their own phones and calls?

A There have been cases where it got into the political area during campaign time, where they are performing a dual function, maybe, on a political campaign trail and so on, where they were making calls from their office where they were keeping records and making reimbursements for that, the National Democratic Committee or National Republican Committee would keep records and reimburse it. That was the only occasion I could see where recordkeeping was done. That I know of.

Q This was a cyclical type of recordkeeping in order to separate the political usage from the nonpolitical usage?

A That's correct.

Q That hasn't been cycled through recently?

A No.

Q You are not aware of any other office policies or systems in which the employees keep their own phone lines?

A No, I am not.

Q To your knowledge, there is no electronic attribution of calls to a particular phone other than for the long distance calls that are not done through the switchboard and are not FTS?

A That's correct.

Q Are we excluding from discussion the military phone system?

A Yes. Like I stated from the beginning, my responsibility is on the administrative side of the house. The military comes under the jurisdiction of the military office of the White House Communication Agency.

MR. HOLMES: Alan, is this the system --

MR. RAUL: That's correct. We had scheduled another deposition for today that, by agreement, we have postponed until another day, where a representative from the White House Communications Agency will provide for you the information regarding the other switchboard, that is administered by the White House Communications Agency under military jurisdiction.

BY MR. HOLMES:

Q You have no knowledge of their switching techniques?

A Their switching capabilities go through the same telephone switch. They utilize the same switch as ours in the central office. The only difference is they have their own prefix per se, like 395-2000 telephone numbers.

Q That separates them for billing purposes?

A Yes, they receive their own bills and however it is divided down.

Q How are the two systems kept separate in terms of outgoing calls?

A Basically they are not. It's just whatever circuit or trunk is free at the time they place the call on their utility lines. If they are making a long distance call, for example, they are dialing 9, they will get one of

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the outside trunks to go outside, or FTS trunks, if you make an FTS call.

Q So for purposes of outgoing calls, they sort of piggyback in the same sharing arrangements with the other agencies?

A Yes, utilizes the same circuitry, whatever.

Q If they are utilizing the exact same circuitry, then the computer records they keep of their outgoing calls must be kept of yours as well? Is that not true?

MR. RAUL: Mr. Holmes, what computer records are you talking about?

MR. HOLMES: The VAX system.

MR. RAUL: You raised a subject that Mr. Nagy didn't testify to, but drawing upon an earlier deposition today.

MR. HOLMES: Right.

MR. RAUL: If I could just clarify that, that does not relate to -- I am not testifying here and I am just trying to clarify this point. I believe that that reference to the VAX system was to cable traffic and does not relate to phone traffic.

Now I am not a technical expert or even

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particularly conversant in this area, but my understanding is that cable traffic is distinct from telephone traffic. And the cable traffic is sort of -- is a different kind of electronic communication than a voice, telephone voice communication.

THE WITNESS: We are talking about data traffic, computer data-type traffic?

MR. RAUL: The point that Mr. Holmes is raising concerns information that whether you call it electronic traffic, I call it cable traffic, it relates to cables, telexes.

THE WITNESS: That's an entirely different circuitry that handles that.

BY MR. HOLMES:

Q I wonder if you could explain, first of all, the parameters of exactly what kind of service it is. You are talking only about oral communications over voice communication lines?

A Oral, voice communications, yes.

Q So for your purposes, you have nothing to do even with a computer use of a modem over the telephone lines with the telephone headset?

A No, I don't. The only thing I get involved in is getting that ordered up for the agency to request it and so on.

Q How is that billed, not through you?

A No, it's billed through the agency directly.

Q So they would have to have a specific lease line for their computer modem traffic?

A Yes.

Q They would pay for that originally?

A Yes. It would appear on your telephone bill monthly that they get.

Q How many modems are there on the system?

A I have no idea.

Q The only way we could find that out would be to look at one of your monthly master bills and check out the rental for loose lines?

A Even in that case you probably wouldn't be able to get the information, because all it says is for service. It doesn't break it down basically on your modems or whatever.

Q Where would that information be available?

A Through, probably, on for our side, administrative side, would be our automated systems division.

Q Automated systems division of what?

A Of the Office of Administration.

Q Who is that?

A Mr. Jules DuPeza.

Q Jules DePeza?

A Yes.

Q Could you spell it, please?

MR. INTRATER: Capital D-u-capital P-e-z-a, first name Jules.

BY MR. HOLMES:

Q So there is no computer modem use of the lines that you control?

A That's correct.

Q Could you explain the difference between the voice traffic in its electronic communication with cable and telex traffic.

A I will try to put it down in simplest terms, like you say.

Q Yes. I would appreciate it. If you can make me understand this, then you are doing a good job.

A If I can understand it myself. Probably the best way to define it, for your cabling and your special service, like for data and secure voice and so on, is a refined circuit that -- that is engineered for that purpose of passing that type of traffic, cabling, secured voice and data.

Your voice circuitry is just your everyday common-type voice telephone line. So there is an engineering process that is utilized in the special circuitry. as we say. It has to be engineered by the telephone company for the specifications, whatever it is going to be utilized for, basically.

Q These all pass through the same 55 trunks that you have talked about?

A Yes. They could, or they could have a direct capability. What I mean, if you had a special circuit from here to the Department of Defense, they could run a circuit in for that capability, yes.

Q That would be a lease line?

A Yes.

Q And it would be specifically engineered to go from --

A From point A to point B, right.

Q I assume that such lease lines do exist for secure communications between the White House and various of the agencies?

A That's correct.

Q So, for example, CIA, Department of Defense, that kind of thing?

A Yes.

Q Are those circuits susceptible of any additional recordkeeping than the regular voice circuits that you have already described?

MR. RAUL: Mr. Holmes, when you say "susceptible of," would you clear that up.

BY MR. HOLMES:

Q Are they capable, first. Then we will get into whether or not you exercised that option. Let me ask you this, do they go through the same switch?

A Yes.

Q So they go through your new DMS-100?

A Yes.

Q Does that mean that since you haven't exercised the option of having the call origination recordkeeping capabilities on the voice lines, that you likewise do not exercise the option to have it on any of these others?

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A That's correct.

Q So there are no records of any of these other kinds of services on a use-by-use basis either?

A That's correct.

Q That includes cable?

A Yes.

Q Secure voice?

A Now, this is to my best recollection, because, again, the majority of these circuits in that category come under the control of the White House communication base, secure voice, for example, a lot of your cabling, telecommunications center, all of that, that is all under the White House communication.

MR. RAUL: Under the DMS-100 switch under the Old Executive Office Building. How much of it is under your jurisdiction? What component of the data that is transferred through that switch? Is it just voice on the White House switchboard?

THE WITNESS: Yes.

MR. RAUL: Non-secure voice?

THE WITNESS: Non-secure.

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BY MR. HOLMES:

Q All right. And all the rest of the WHCA traffic?

A Yes, your specialized circuits or whatever.

Q Would that include any data transmission over phone lines?

A There are some data transmission over phone lines, where if you have an office that has a Wang, for example, where they could just use the telephone by setting it in the cradle and transmitting, there are some offices within the complex that do have that capability.

Q Is that perceived differently for C&P purposes than use of that same line for a voice conversation?

A No, not that I know of, because they are utilizing the voice line for that.

Q All you are going to get on the bill is a bill for a phone call that originated from such-and-such a phone on such-and-such a date and time to such-and-such a phone and looks like any other telephone conversation?

A That's correct.

Q Even though what actually was transpiring on that line is the transmission of computer data?

A That's right.

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Q Would that also be true of other specialized decryption-type transmission services like the KL-43 device?

A Again, that's in the White House communications, I have no knowledge of that.

Q Okay.

A When we talk secure, secured communications, that is not mine at all.

Q Any form of secured communication device that exists in the 18 acres is something you are not prepared to talk about?

A Yes, sir, that's correct.

Q You don't know about it?

A I have an idea how it works, but I don't know the whole -- be an expert on it to talk about it.

Q All right. Are you aware of any written logs of phone calls of any kind that are kept in the White House compound?

A Yes, I am.

Q In addition to the ones we have talked about, kept by the main switchboard.

A That's right.

Q Are there any others?

A Yes.

Q What are those?

A There is a presidential call log.

Q Who keeps it?

A All presidential calls, incoming and outgoing, are processed through the White House switchboard.

Q To the main switchboard?

A To the main switchboard.

Q Designated operator or any operator?

A Yes, there is an operator.

Q A designated operator just for this purpose?

A One on each shift, yes, there is.

Q Go ahead.

A The log, as stipulated, is for ingoing and outgoing calls to the president. The operator that handles them, receives them, logs it on a log, presidential call log, then, of course, processes the call. Then at the end of each day, 24-hour period --

Q Does the log include the beginning and end of the call?

A It has the time the call came in and the time it was disconnected.

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Q How was she aware of the disconnection?

A It's a manual switch where she puts up a set of cords and a light comes on, basically, generally when the call is finished. She just pulls the cords out.

Q This is sort of like the old days with the woman with the headphone?

A That's correct. That's basically what it is, basically. A switchboard.

Q So whenever the light goes out over the slot that she has working, she just pulls the cord out when the call is done?

A That's correct.

Q It's not something that --

A It's not electronically.

Q -- likely to be inadvertent. She is either plugged in or not pulled in?

A That's correct.

Q What happens to the logs?

A At the end of the day, 24-hour period, the logs are typed up, and a copy is put in a sealed envelope and handed over to the personal secretary to the president. The logs are for archive purposes. Then our responsibility ends,

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our working copy is destroyed.

Q The actual original moment of transaction record is destroyed?

A Yes, is handwritten by the operator. That is destroyed. The typewritten one is official.

Q Who types it up?

A The midnight shift operator.

Q Who is that?

A Well, we have three different people on the midnight shift. It could either be one of the three telephone operators.

Q How do they type it?

A On a -- I think it's an IBM Selectric typewriter.

Q It's not a word processor?

A No, it's not a word processor.

MR. RAUL: Do you save the ribbons on the Selectric typewriter?

THE WITNESS: Do we save them? They are thrown after they run out, put in the burn bag or taken off.

MR. HOLMES: Thanks, Alan, that was my next question.

THE WITNESS: They are destroyed once it's used

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up.

MR. RAUL: It's a team effort.

BY MR. HOLMES:

Q There is only one copy created?

A Yes.

Q There is no additional backup copy or anything?

A No, just the working copy that the operator fills out.

Q Are they destroyed at the same time the typed copy is created?

A They are maintained in a cabinet for the end of the month, in case there are some questions on it, any questions about number, so on, might call from the archives.

Q What does the personal secretary of the president do with their typed version?

A I guess it goes to the archives. I have no idea what she does with it.

Q Since you don't, in your normal course of business, preserve any of those records, you wouldn't have responded to any kind of requests for those records in the last year and a half, say?

A There have been requests for presidential call

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logs, I am trying to think, recently. Was the Challenger within the last year?

Q Yes, a little over a year ago.

A Yes. I think a general memo came down from Capitol Hill requesting records of any calls that we had. That was beyond the time period we had the logs anyhow.

Q So you had to respond as you have just responded to me, and that is if they want those records, they will have to approach the presidential secretary in the archives?

A Yes, basically I responded I don't have the records. I think it went out as a general-type thing from the White House, big document. I had input into it.

MR. HOLMES: All right. Off the record.

(Discussion off the record.)

BY MR. HOLMES:

Q Mr. Nagy, I would like to talk about calls completed within the system from one phone within the system to another phone within the system. Do those also travel through the switch?

A Yes.

Q And doing so, did they create any record of their having been through the circuit?

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A No.

Q So there is no billing effect whatsoever to that telephone call?

A No, it's all internal, four digit dial, whatever, just dial the number.

Q For maintenance purposes, are there any electronic memories of what phone calls are being made?

A No.

Q How do you know that? How do you know there is no such record?

A Well, basically because of what we are utilizing, I don't see how they could have the capability on it. You would have to approach a piece of equipment we are talking about to have detailed call recording or to be able to tell how calls we generate are going to.

The phone on the desk there, there is the old what they call A-1 keysets. I think what you are trying to say, you have a lot of your new electronic telephone sets that are out on the market that have capabilities of last number dialed, recording, so on. We don't have that. For security purposes, they are not within the compound. Secret Service, again, evaluates all the equipment that we have in here, and

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there are certain specifications that then you would have to meet; those phones have been in operation, again, before I was here, probably a good 20 years easily, 25 years.

Q So you are saying that this A-1 set here in this office is the prototype of all the other ones in the compound?

A Yes.

Q There are no other vendors, then, other than AT&T. and no more modern phone systems in use?

A AT&T does have a telephone system, it's called the Merlin, I believe, M-e-r-l-i-n. Again, the White House Communications Agency utilizes these telephone sets. It's mostly in a trip environment, where it's easy and compact to take out on a trip when the president travels, the staff travels. There are some in usage by the White House Communications Agency, and their area of responsibility. I believe they provide service too.

There are a few others that were put -- they are a lot easier to install, faster to install, Tower Commission, for one, we had one put in for them and a few other places that they needed it immediately.

Basically, a good 90 percent of your telephone

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system here within the White House is right there.

Q The phone communications used when the president travels, I assume that's all within the WHCA ambit?

A Yes, that is their primary responsibilities.

Q Are there phone pagers in use within the compound?

A There are page boys, like I have one here, yes, by the White House Communications Agency issues it. It's basically on a tone-type arrangement, where you have a three-digit dial that they program into their pager per se and it sends out a beeping tone, and that individual knows to call to the White House Communications number and find out if it was paged or whatever.

Q The computer that switches those over is also a White House Communications Agency?

A White House Communications Agency. I think it's a Motorola, I believe it's provided by Motorola, that's who the pagers are from.

Q The maker of the pager is Motorola and the maker of the switch is Motorola, but the operation of the equipment is done here on the compound?

A Yes.

Q Are there any digital pagers on the compound?

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A Not that I know of. Again, WHCA would have to answer that; if they have some new updated equipment, I am not aware of it.

MR. RAUL: Let the record show that Mr. Nagy showed Mr. Holmes the page boy that he had in his own pocket, for the benefit of those reading the record, who wonder what we are talking about.

BY MR. HOLMES:

Q The one you showed is not a digital pager; correct?

A No.

Q It doesn't read out, it simply gives you a tone?

A It gives you a tone and you would call into the number, the WHCA switchboard number to find out who is paging you.

Q They would tell you which person had paged?

A Correct.

Q In order to do that, they would reference the records they had there?

A Yes, they would have to have records of who is calling.

Q But to your knowledge, other than perhaps WHCA,

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there are no digital pagers?

A Some of the telephone company people on the premises have their own within the system, AT&T and C&P. If we are talking about staff people, not that I know, unless they went out and purchased their own somewhere.

Q If they purchase their own, you do know that they didn't do it with your budget, though; right?

A That is correct, that is correct. If they purchased their own, it wouldn't be fed through our telephone switch, it would be a commercial number on it like any other.

Q Right. So if they are carrying them around, it's because they bought their own, they are paying their own monthly fees and they are using it for whatever business they have?

A That's correct.

Q Have you ever seen anybody with them?

A Other than the telephone people that I deal with, no.

Q Mr. Nagy, on looking for records, whether electronic or physical, that would reflect telephone use, either from a particular or from particular individuals or

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from or for particular stations within the White House compound, I want to ask you an open-ended question, whether you can tell me whether any such record exists anywhere, whether physical or electronic.

MR. RAUL: White House staff or executive president of the White House staff?

BY MR. HOLMES:

Q Any person, group or agency within the compound that you are aware of.

A Again, I am not aware of any, other than the ones that I have mentioned.

MR. RAUL: Does your question exclude members of the First Family that the residents -- are there any records for any members of the First Family? I don't think it's necessary to go into detail if there are such records. But if you can tell Mr. Holmes.

THE WITNESS: There is a record for a member of the First Family. Again, this is an operational record. Secretarial service, when they are going through the switchboard, rely on the secretarial service.

MR. RAUL: Off the record.

(Discussion off the record.)

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MR. RAUL: We just had a discussion off the record regarding certain telephone operations provided as a courtesy for members of the First Family. Just leave it at that.

BY MR. HOLMES:

Q Very well. Accepting the special records kept for the presidential calls and for the First Family calls, are there any other records that fit the description that I asked you a moment ago?

A No.

Q That includes whether they are electronic or physical, whether they are kept here on the premises or elsewhere?

A Yes.

MR. HOLMES: I don't have any more questions.

MR. TETI: No, thank you, I am satisfied.

MR. HALL: I do not.

MR. RAUL: Thank you very much, Mr. Holmes.

MR. INTRATER: Off the record for a minute.

(Discussion off the record.)

MR. RAUL: We would like to thank the Senate and House Select Committees for this opportunity to provide information for their investigations, and formally request at

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this time an opportunity to review the transcript of Mr. Nagy's deposition and to retain a copy of that deposition. There are also certain areas that we have discussed with Mr. Holmes that have been testified to that we will review during the course of our consideration of the transcript.

(Whereupon, at 1:20 p.m., the deposition was concluded.)

ALEX NAGY

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CERTIFICATE OF NOTARY PUBLIC & REPORTER

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I, WENDY S. COX, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Wendy S Cox

Notary Public in and for the
District of Columbia

My Commission Expires NOVEMBER 14, 1987

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OFFICIAL TRANSCRIPT
PROCEEDINGS BEFORE

UNITED STATES OF AMERICA

CONGRESS OF THE UNITED STATES

In the Matter of:)
)
TESTIMONY BEFORE THE SENATE)
SELECT COMMITTEE ON SECRET)
MILITARY ASSISTANCE TO IRAN AND)
THE NICARAGUAN OPPOSITION)

DEPOSITION OF SHIRLEY A. NAPIER

Washington, D. C.

April 10, 1987

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UNITED STATES OF AMERICA

CONGRESS OF THE UNITED STATES

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In the Matter of: :

TESTIMONY BEFORE THE SENATE :

SELECT COMMITTEE ON SECRET :

MILITARY ASSISTANCE TO IRAN AND :

THE NICARAGUAN OPPOSITION :

- - - - - - - - - - - - - - - - - x

Washington, D.C.

Friday, April 10, 1987

The Deposition of SHIRLEY A. NAPIER was convened at 1:45 p.m., in Room 220, Hart Senate Office Building, Washington, D.C., the witness being first duly sworn by JANE W. BEACH, a Notary Public in and for the District of Columbia, and the proceedings being taken down by Stenomask by Jane W. Beach and transcribed under her direction.

APPEARANCES:

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VICTORIA F. NEURSE, Esquire
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C O N T E N T S

Deposition of:	Examination:
SHIRLEY A. NAPIER	
By Mr. Belnick	4

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PROCEEDINGS

MR. BELNICK: Good afternoon.

Whereupon,

SHIRLEY A. NAPIER,

called as a witness herein by counsel for the Committee, was examined and testified as follows:

EXAMINATION

BY MR. BELNICK:

Q Ms. Napier, by whom are you employed?

A Stanford Technology Trading Group International.

Q Sometimes known as STTGI?

A Right.

Q For how long have you been employed by that company?

A Three and a half years.

Q You were hired roughly in November 1983?

A Correct.

Q Who hired you for that?

A Mr. Secord.

Q Is that Richard Secord?

A Yes.

Q Would you trace your employment at STTGI since your hiring in 1983?

(Witness sworn.)

BY MR. BELNICK:. (Resuming)

Q Would you trace your employment history at Stanford since October '83?

A I started in November '83. I worked full-time until March of '85, at which time I went to part-time and went to school. May of '85 through the middle of September '85, I did not work at all for Stanford Technology.

In the middle of September of '85, I started part-time and continued part-time through March of '86. April of '86 through the present, I've been working full time.

Q What were your job responsibilities between '83 and your return to full time work in April of '86?

A I started out as a secretary. We were setting up the office, so I set up the files, did some typing, answered the phones.

When I returned in March of '86 full time, I was hired as a staff assistant. I did accounts payable, I did some traveling with Mr. Secord, I ran errands, I arranged for visas.

Q Are those the general areas?

A Yes, general.

Q Now, you say you've run errands for Mr. Secord since April of 1986?

A Yes.

Q Did any of those involve visits to the Old Executive Office Building in Washington, D.C.?

A Yes.

MR. TREANOR: Excuse me. Before we go any further, I wonder if this might be an appropriate time to put on the record the status of these witnesses with regard to the vote by your Committee to grant them immunity. I want to make sure that the record is clear before we get into the substantive detail of their testimony.

MR. BELNICK: The Senate Committee voted at its business meeting on April 2, 1987, to compel testimony from both of these witnesses, Ms. Napier and Ms. Corbin, and in connection therewith to apply to the court for use immunity.

The application was filed and notice was given to the Attorney General and to the Independent counsel, I believe, on April 3. We have received word from the Attorney General that the Attorney General will not ask for the additional 20 days. We have reason to believe that the Independent counsel will do likewise, and it is Senate counsel's intent to go forward then with the formal application to the court this coming Monday, April 13th.

Now, I understand also, Gerry, that there is an immunity order covering both of these witnesses from Judge Robinson.

MR. TREANOR: We were served with orders covering both Ms. Napier and Ms. Corbin on April the 1st. Those orders were executed, I think, on March the 31st by Chief Judge Robinson of the U.S. District Court in Washington.

I would simply like to put on the record, in addition to that fact, my understanding that, although the formal orders sought pursuant to the vote of your Committee have not been issued, that the intent of the Committee is to extend to these discussions and to these depositions today the same blanket immunity that will be formally in place from your Committee in another four or five days.

MR. BELNICK: Absolutely.

BY MR. BELNICK: (Resuming)

Q Ms. Napier, I had asked you before we had that discussion whether you had run errands for Mr. Secord to the Old Executive Office Building in Washington, D.C., and I believe you answered yes. Am I correct?

A Yes.

Q Would you describe those errands?

A At times I would take envelopes down there. I have taken the encoding machines, broken machines, down there and received a new one to take its place. And at one time I took money down there, and I took a Bible down there.

Q The "there" you've been referring to is the Old Executive Office Building?

A Yes.

Q Did you see anybody in the Old Executive Office Building on those occasions?

A Whenever I took something down there, I gave it to Fawn Hall.

Q And who did you understand Fawn Hall to be?

A Secretary to Ollie North.

Q When did you make these errands, during what year?

A '86.

Q Could you describe for us the occasion in 1986 when you delivered money to the Old Executive Office Building?

A Bob Dutton was trying to get in touch with Bill Cooper, who was coming to D.C., and he wanted him to stop in Miami and pick up documents or papers, and he could not get a hold of Bill Cooper. And Mr. Secord was out of town and I didn't have much to do, so I volunteered to go down and pick up the papers.

Bob said he would have to make a phone call. He made his phone call, came back, said it was okay for me to pick it up, to make my reservations, and that he was going to make another phone call.

Well, I made my reservations and he came back, and at that time he told me that I would be picking up $16,000 in cash from a man who worked for Southern Air

Transport.

Q All right.

A And when I picked it up to bring it back to D.C. and to take it to Colonel North at the Old Executive Office Building.

Q Before we go any further, who was Bob Dutton?

A Bob Dutton, his title is staff director with Stanford Technology Trading Group International.

Q So he worked in the same group as you?

A Yes.

Q Who is Bill Cooper?

A Bill Cooper is a pilot that was down in Central America.

Q Do you know by whom he was employed?

A I don't know who the employer was.

Q Did Mr. Dutton tell you the name of the man from Southern Air Transport that you were to see in southern Florida?

A He did, and I can't remember the man's name. All I remember is I can describe him, and he said he was the controller for Southern Air.

Q Do you recall his name being Bill Langdon?

A No, it was not Bill Langdon. He said I might meet Bill Langdon, but that another gentleman would meet me and it would not be Bill.

Q Did you fly to Miami?

A Yes, I did.

Q Do you recall when this was?

A It was August 26th.

Q 1986?

A 1986.

Q Tell us what happened when you went to Miami?

A I met the man at the gate that we had arranged and he had on an SAT ID badge, fit the description, and he recognized me by what I was wearing. We went to a lounge. He gave me a Federal Express overnight envelope, like an 8-1/2 by 11 size. And he opened it up, showed me the money.

I did not count the money in the lounge because it was crowded. We went to the lounge. I went to the ladies room and counted the money, and there was $16,000.

Q In what denomination bills?

A It was all twenties and under.

Q What did you do after you counted the money?

A I boarded the plane back to D.C., to Dulles.

Q Once you arrived at Dulles?

A I left my car there. I got in my car and went down to the Old Executive Office Building. I went into the 17th Street entrance. There was a phone there, a house phone. I called Fawn's extension and told her I was downstairs with a package that I thought Ollie was waiting for.

Q What happened then?

A I wait a few minutes and she came down and took the money.

Q Did she say anything to you? I'm talking about Fawn Hall. Did she say anything to you when she came down?

A We exchanged a few words and she said something. It was either "Did you go to Miami and get this?" or "Did you go down there today?" I don't remember exactly what it was, but that was the extent of our conversation.

Q What did you do then?

A I went to my home, because it was late in the afternoon.

Q Did you report to Mr. Dutton that evening?

A No. I think I talked to him the next day. I think he might have called the office and asked me about it, and I told him I had delivered it. And he said "Thank you for going down there."

Q Aside from Mr. Dutton and the people who are in this room today, have you told anyone before about this delivery of money to Fawn Hall at the Executive Office Building for Ollie North?

A I told my husband once the Independent counsel had talked to me.

Q Did you ever/talk to Mr. Secord about it?

A Oh, yes, I did tell Mr. Secord about it.

Q When was that?

A It was after he returned, a few days after I went down there.

Q What did you say to him?

A I asked him if he knew I had gone down, and yes, he was aware that I had gone down. And I just told him about what I had done.

Q Did you tell him you had picked up cash and delivered it to Fawn Hall for Colonel North?

A Yes.

Q What did he say?

A He was concerned I had gotten involved in it.

Q Do you recall what he said, what he said along those lines?

A I think he was a little upset that I had been asked to do it. But I really wasn't asked. I had volunteered, not knowing what I was going to do.

He was a little upset that Bob had allowed me to do it and was concerned that I had been involved in it. That was the only thing he expressed to me.

Q Did he tell you what the cash was for, Mr. Secord?

A No, he did not.

Q Did Mr. Dutton tell you what the cash was for?

A No, he did not.

Q Has anyone to this day told you what the cash was for that you were asked to and did deliver to Fawn Hall?

A No.

Q Do you have any understanding of what it was for?

A No, I do not.

Q Did you ever discuss this cash delivery with Mr. Hakim?

A No, I don't believe I did.

Q All right. Now, aside from the people we've mentioned -- your husband, lawyer, and the others in this room -- have you discussed this cash delivery with anyone else?

A No.

MR. TREANOR: Other than the independent counsel?

BY MR. BELNICK: (Resuming)

Q Including the independent counsel.

A No.

Q Now, there were other occasions in 1986 when you made deliveries or picked things up at the Old Executive Office Building, correct?

A Correct.

Q Was there ever any other occasion when to your knowledge you delivered money to that building?

A No.

Q Was there ever any occasion when to your knowledge you picked up money, including checks, travelers checks, or cash, from Fawn Hall at that building?

A No.

Q Was there any other occasion apart from the occasion you've just described in August 1986 when you delivered what you knew to be money to anybody who worked for the United States government?

A No.

Q Let me show you some travel records that you brought with you today and ask you if they pertain to the trip you have just described. Let me show you two documents: August 25 -- these are the same. Let's go off the record a second.

(Discussion off the record.)

MR. BELNICK: Back on the record.

Ms. Napier, let me hand you the document we've now marked as Napier Exhibit 1. Can you describe what that is?

(The document referred to was marked Napier Deposition Exhibit No. 1 for identification.)

A This is a copy of the itinerary for the flight down to Miami on May 26th of 1986.

Q And Napier Exhibit 2?

(The document referred to was marked Napier Deposition Exhibit No. 2 for identification.)

A This is a copy of the itinerary for the return trip, from Miami to Washington on August 26th, 1986.

Q You produced both of these documents here this morning?

A Right, yes.

Q I wanted to ask you, referring again to the SAT representative whom you met, do you know what his name was?

A I did know his name. I had it written down on one of my pads that I don't have any more. I don't know whether I would recognize his name if I saw a list of

SAT employees or not.

Q Had you seen him before that occasion?

A No.

Q Have you ever seen him again?

A No.

Q Mr. Bill Cooper --

MR. BALLEN: Does the name Robert Mason come to mind?

THE WITNESS: Robert Mason? No.

BY MR. BELNICK: (Resuming)

Q Had you any dealings with Bill Cooper before August 5, 1986?

A No, I never saw the man. I think I've answered the phone when he's called once or twice.

Q Have you ever seen him?

A No.

Q Do you know what his business was with your company?

A No, other than I knew he was a pilot working in Central America.

Q Where in Central America, did you know?

A El Salvador, Nicaragua.

Q When he called, to whom did he ask to speak?

A Bob Dutton.

Q I'm sorry?

A To Bob Dutton.

Q How dic you know Mr. Cooper was a pilot and where he was working? Did Mr. Dutton tell you that?

A Yes, he did.

Q Is that all you know about Bill Cooper?

A Other than the plane crash. He was the one that was killed in the plane crash down there.

Q Do you recall when that was?

A It was October or November.

Q Did Mr. Hasenfus ever call the office?

A He has called one time.

Q And when in relation to October 1986 was that?

A He has called within the past month.

Q Within the past month?

A Yes.

Q With whom did he ask to speak?

A Bob Dutton.

Q Mr. Dutton is still coming to work at STTGI?

A Yes.

Q And so is Mr. Secord?

A Yes.

Q And they've been there together the last month at various times?

A Yes, sure.

Q While you and Ms. Corbin were there?

A Yes.

Q When was the last time Mr. Hakim was in the office to your knowledge?

A I think maybe October, September, October, November, aroumd in that area.

Q Of 1986?

A 1986, yes.

Q You're still employed at STTGI?

A Yes.

Q Now let's talk about the other errands you ran for Mr. Secord to the Old Executive Office Building. You said there were occasions when you delivered envelopes. This is the occasions other than on August 1986 when you delivered the cash.

There were other occasions when you delivered envelopes, correct?

A Yes.

Q About how many of those occasions were there during 1986?

A A half a dozen to a dozen times.

Q Could you describe the envelopes that you delivered?

A Most of the time, it was just a letter sized plain white envelope.

Q Business size?

A You know, like not the personal stationery size, but the letter size.

Q Who gave you the envelopes to deliver?

A Most of the time, from Mr. Secord, occasionally from Bob Dutton.

Q How long in advance of the delivery did either Mr. Dutton or Mr. Secord give you the envelope?

A Most of the time it was just to hand me the envelope and just tell me to take it downtown.

Q Was the envelope bulky?

A No.

Q What did it feel like it had inside of it?

A A letter, paper.

Q On each of those occasions when you delivered such an envelope, did you deliver it to Fawn Hall?

A Yes. I think there was one time that a girl by the name of Barbara met me downstairs.

Q Do you recall her last name?

A No.

Q Have you ever heard the name Barbara Brown?

A No.

Q How would you arrange to meet Fawn Hall or in the one case Barbara Brown or Barbara?

A I would take my car, I would call her before I leave the office, call her and say that I would be there in 20 minutes. Sometimes Mr. Secord would tell me to take his car, because he has a car phone, and I would call her when I got within five minutes of the Executive Office Building.

And then, sometimes if I had to wait I would call her from downstairs and tell her I was down there.

Q And then Fawn Hall would simply take the envelope?

A Yes.

Q And on the occasion when Barbara took it, did she give you anything in return?

A I think I may have picked up one of the encoding machines from her.

Q From Barbara?

A From Barbara.

Q And on the occasions when you delivered the white envelopes to Fawn Hall, did she give you anything?

A There was not always an exchange. There were times that I was sent down there to pick up something, but not every time I went down there did I get something in return.

Q Sometimes you did, sometimes you didn't?

A Sometimes she would have something for me and I would have something for her.

Q Did Fawn Hall -- on the occasions when Fawn Hall gave you something, was it always the same thing?

A No.

Q Tell us what she gave you?

A There were times where I would get an envelope that was -- they used tapes, code tapes for the encoding machine, and they were just in a hard plastic holder, and I could tell what those were from the bulk of the package and the feel of it.

I have picked up just a plain envelope before, and also an encoding machine.

Q Aside from the envelopes that you knew had the encoding machine tapes, could you tell what was in the other envelope or envelopes that you received from Fawn Hall?

A No.

Q Has anyone to this day, anyone, ever told you what was in any of the envelopes that you delivered to the Old Executive Office Building?

A No.

Q Has anyone ever told you to this day what was in any of the envelopes you received from the Old Executive Office Building, apart from those which had the encoding tapes?

A No.

Q Have you ever -- have you discussed those deliveries with [redacted] anyone other than your lawyer, the independent counsel, your husband, the people here today?

A No.

Q Aside from the $16,000 delivery which you described, Ms. Napier, were you involved in any other large cash transaction while you've been employed at STTGI?

A Yes.

Q Did that occur on or about March 26th, 1986?

A Yes.

Q Could you describe for us what happened at that time?

A Mr. Hakim was in the office and had me call the bank to see if a wire transfer had come into his personal account at First American. And it had, and he gave me two checks to type out. He asked for one to be made out -- both of them to be made out to cash, one in the amount of $8,000 and one in the amount of $7,000.

MR. BELNICK: Would you stop for a moment while I ask the reporter to mark this as the next exhibit.

(The document referred to was marked Napier Deposition

Exhibit No. 3 for
identification.)

BY MR. BELNICK: (Resuming)

Q Does that document contain photocopies of the two checks to cash to which you have just testified?

A Yes.

Q Both dated March 26th, 1986?

A Yes.

Q One in the amount of $8,000, the other in the amount of $7,000?

A Yes.

Q Could you turn to the second page of the exhibit. Would you describe what that is?

A It's my signature where I endorsed the checks so that I could cash them.

Q And did you produce these two pages this morning?

A Yes, I did.

Q Mr. Hakim asked you on March 26th to draw up these checks?

A Right.

Q You did, and then what happened?

A He asked me to go to two different branches of First American and cash them.

Q That's the First American Bank of Virginia?

A Correct.

Q Which branches?

A I went to the Vienna branch and Tysons Corner.

Q And you cashed them?

A And I cashed them, and brought the money back to the office and gave it to him.

Q Did he leave the next day?

A He left that night or the next day on a trip.

Q Do you know where?

A I don't know for sure. I think it might have been London or Geneva.

Q All right.

A It was an overseas trip.

Q Did you -- did Mr. Hakim tell you what he needed the cash for on that day?

A No, he did not.

Q Did you express any concern to him about this transaction?

A Yes, because I was semi-aware of a law that if you cashed a check over $10,000 you were supposed to report it or fill out a form. And he said that that didn't apply to this because each check was not over $10,000; I had nothing to worry about.

Q Was anyone else in the office on the day that you cashed these checks and brought it back to Mr. Hakim?

A Mr. Secord was there, Joan was there, and to the best of my memory Tom Clines and Rafael Quintero were both in the office that day.

Q Were they present when you handed Mr. Hakim the cash or discussed any part of the transaction with him?

A I don't believe they were right there in his office when I gave the money back. I think they were somewhere in the offices.

Q Did you know who Tom Clines was?

A Yes.

Q Who was he?

A He's a friend of Mr. Secord's.

Q Did he call the office frequently?

A Yes.

Q Did he come in frequently?

A Yes.

Q Do you know what business he had with Mr. Secord?

A No, I've never been told what business he had with him.

Q Did he ever ask you to place calls while he was in the office, "he" being Mr. Tom Clines, C-l-i-n-e-s?

A Yes, he has.

Q And where did he ask you to place calls?

A To Portugal.

Q To where? To anybody you can recall in Portugal?

A His name is Jose Garnell.

Q G-a-r --

A J-o-s-e G-a-r-n-e-l-l.

Q In what city in Portugal?

A That I don't know, because I just use a country code. I'm not even sure I used a city code.

Q Is his name on your rolodex in the office?

A Garnell, I believe so.

Q Do you still have that rolodex?

A Yes.

MR. BELNICK: I request that we get a copy of the rolodex cards from Ms. Napier.

MR. TREANOR: Yes.

MR. BELNICK: Okay.

BY MR. BELNICK: (Resuming)

Q Did Mr. Clines ever ask you to call anyone else?

A Oh, on occasion he's been in the office, he would ask me to call Rafael.

Q Quintero?

A Quintero.

Q Where did you reach Mr. Quintero?

A In Miami.

Q Anyplace else?

A No, I think that was it.

Q Did Mr. Quintero come into the office from time to time?

A Yes, he did.

Q Whom did he come in to see?

A He would come in to see Bob Dutton or Mr. Secord.

Q Do you know what Mr. Quintero's business was?

A No.

Q Do you know what the nature of his dealings were with Mr. Secord or your company or Mr. Dutton?

A No, I was never told. I assumed he had something to do with the operations in Central America.

Q To return to the story you were telling us concerning the $15,000 transaction on March 26th, 1986, you mentioned a wire transfer of the $15,000 into Mr. Hakim's account, which you confirmed, correct?

A Yes.

Q Do you know where that wired money came from?

A I believe it came from Switzerland.

Q And on what do you base that?

A Well, that's where most of our money, when we got wire transfers in, that's where most of it came from. And I'm assuming that came -- I don't have it to look back on right now, the wire transfer slip. But I'm assuming that's where it came from.

Q Do you know if that wire transfer slip still exists?

A I think it does.

Q Where would it be?

A It would be in Mr. Hakim's personal records.

Q Where are they?

A There are some in the office.

Q At STTGI?

A Yes.

Q Where are the others?

A He may have it. It might have been something I mailed to him if he wasn't around the office, but probably it should be in with his personal stuff there.

Q Was there a place you personally mailed things to Mr. Hakim at when he wasn't at the office?

A Yes.

Q Where was that?

A In his home in Los Gatos, California.

Q Do you remember the address?

A I know it's [redacted]. I don't remember the number, but I know it's [redacted].

Q All right. Is it on your rolodex?

A Yes.

MR. BELNICK: Would you mark this next document as Napier 4.

(The document referred to was marked Napier Deposition Exhibit No. 4 for identification.)

BY MR. BELNICK: (Resuming)

Q Shirley, let me hand you the document that's now been marked as Napier Exhibit 4. Could you describe what it is?

A This is what I had written up about the two cash transactions that I did.

Q The $15,000 and the $16,000 transactions that you testified about today, correct?

A Correct.

Q About when did you prepare this document?

A It's been about three weeks ago.

Q Is that your signature at the bottom?

A Yes, it is.

Q And did you put that signature on at my request earlier today?

A Yes, I did.

Q And dated it today?

A Yes, I did.

Q But it was prepared about three weeks ago?

A Yes.

Q Okay. At whose -- was it at someone's request that you prepared this?

A No. I did this to help my attorney with some things that we had gone over.

Q Aside from your attorney, independent counsel and us, have you shown this document, Napier Exhibit 4, to anyone else?

A No.

Q Have you ever shown it to Mr. Secord?

A No.

Q Have you told Mr. Secord that you were preparing such a document?

A No.

Q How about Mr. Hakim or Mr. Dutton?

A No.

Q Now let's talk for a moment about Switzerland. You said that most of the wire transfers came from Switzerland. Do you recall the name of any banks or accounts in Switzerland from which the wire transfers originated?

A CSF.

Q CSF, like "Frank"?

A Yes.

Q Any else?

A I think we had some from Credit Suisse. That was it.

Q Did you know what CSF was?

A I assume it was a banking institution.

Q Apart from that, did you have any information about it?

A No.

Q Did you know if it had any relationship to your company or Mr. Secord or Mr. Hakim?

A No, other than the money just coming through there.

Q Do you recall how much money in total came in from CSF during 1986?

A Not total I don't. I can remember some of the wire transfers, but not a total of them.

Q What amounts do you recall coming in?

A One thing that was a total was that we had a $200,000 letter of credit with CSF, and we received $110,000 of that over, I believe, '85 and '86.

Q And where was that deposited, do you know?

A To First American Bank.

Q To whose account?

A The STTGI.

Q Do you recall any other wire transfer amounts from CSF?

A We received $70,000 that came through CSF, and it was referenced "Udall."

Q When was that?

A I believe that was in late summer, spring of '86.

Q And what did you do with that?

A Well, that automatically, on a wire transfer, deposits into your account.

Q The same account at First?

A Yes.

Q Do you recall any others?

A There was one in the amount of 58,000 and I believe 700 dollars, that was in the spring or early summer of '86.

Q Also went into the First American account?

A Yes, correct.

Q Was there a reference on that?

A I believe it was referenced "ADC."

Q Okay.

A We received -- I believe this was in the fall of '85, but possibly the fall of '86, I'm not sure, it was $99,975 from KITCO, K-I-T-C-O.

Q Where was that?

A That came through CSF, and it was referenced KITCO.

Q Do you know what KITCO was?

A The only thing I was told about KITCO is that represented $50,000 consulting fee for '85 and $50,000 consulting fee for '86.

Q Beyond that, you don't know what KITCO is or was?

A No.

Q Any other wire transfers from CSF, do you recall?

A I believe we received one from Lake

Resources. I don't remember the amount and I'm not absolutely positive it was from Lake, but that's in my mind for some reason.

Q Is there a date in your mind attached to the Lake Resources transfer, approximately when?

A No.

Q What was ADC?

A I believe it stood for ~~Arrow~~ Amb Development Corporation.

Q Did that company to your knowledge have any dealings with Secord or STTGI?

A The only one I remember talking about that would have been Mr. Hakim, and again it was for consulting.

Q Apart from the one ADC transfer you've described, do you recall any others?

A I don't recall any offhand.

Q Okay. Willard Zucker, do you know that name?

A Yes, I do.

Q Who do you know him to be?

A Associated with CSF.

Q And how do you know that?

A Because I sent telexes to him at CSF, I've placed calls to him at CSF for, I believe, Mr. Hakim to speak to him.

Q From whom were the telexes that you sent Mr. Zucker, Hakim or Secord or both?

A Usually Mr. Hakim.

Q Do you recall what the telexes concerned?

A Most of them were in reference to collecting moneys or having something to do with money.

Q Asking Mr. Zucker to collect money?

A Yes. At some point they had an arrangement that CSF would collect funds from people that we were doing consulting for, and they would take like a one percent commission from whatever they collected.

Q Anything else you recall about those telexes?

A No. Most of them, it was just wanting to know where the money was from -- say like, you know, that $70,000 from Udall, it was just a follow-up telex to see where the money was at that point, when we could expect it.

Q Did you know if Mr. Udall had any connection with Mr. Secord or your company?

A Other than having stationery printed at one time, that's all.

Q Who had the stationery requested?

A It was either at Mr. Hakim's or Mr. Secord's request that we had stationery printed.

Q They asked you to have stationery printed for Udall?

A Actually, I believe they asked Joan to do the Udall.

Q The stationery was kept in your offices?

A Yes.

Q Did you ever use it?

A No.

Q Okay. Do you know the name Prince Bandar?

A Yes.

Q And who's he?

A He's the ambassador of Saudi Arabia.

Q And how do you know that name?

A Mr. Secord has talked about him on occasion as being a personal friend.

Q Did Mr. Secord ever ask you to make calls to Prince Bandar?

A I believe I placed one call to the embassy.

Q Do you recall when that was?

A I think that was in the first year that I worked for him.

Q During 198 --

A Probably '84.

Q Was that the same year when you got Mr. Secord a visa to Saudi Arabia?

A Yes.

Q And did you get Mr. Hakim a visa to Saudi Arabia in 1984, do you recall?

A I believe I did.

Q Did Prince Bandar ever come into your -- has he ever come into your office that you're aware?

A No.

Q But Mr. Secord has been to the embassy?

A I don't know that for a fact.

Q Okay. Did Mr. Secord ever tell you that he had been to the embassy?

A I think the only thing he's ever said is that he met with Bandar. Where they met I don't know.

Q Do you know if Mr. Secord was invited to the embassy in connection with King Fahd's visit to the United States in 1985?

A Yes, he was.

Q To a reception?

A I don't know whether he went to the reception. He went to the dinner at the J.W. Marriott. He was invited to that.

Q You mentioned before delivering a Bible to the Old Executive Office Building.

A Yes.

Q When was that?

A That was, I believe, in September or October of '86.

Q Would you describe for us how that happened?

A Mr. Hakim was in town, and he and Mr. Secord had been out of the office, returned, had the Bible. They were trying to find an appropriate inscription for the Bible, and then he asked me to deliver it to the Old Executive Office Building, to give it to Fawn.

Q To Fawn Hall?

A Yes.

Q Did Mr. Hakim ask you if you knew a suitable inscription?

A Yes, he did.

Q What did you tell him?

A I told him no, I didn't.

Q Did he tell you the purpose, what the Bible was going to be used for, who it was going to be given to?

A That it was going to Iranian friends.

Q Okay. And what did you do with it?

A I put the Bible in a brown envelope and sealed it up, write Fawn's name on the front, and "NSC," took it down to the Old Executive Office Building, and went in and left it in the mail room. And then I called Fawn and told her that it was down there.

Q And did you wait for her to pick it up?

A No.

Q Now, have you described for us now all the occasions when you either delivered or picked up something at the Old Executive Office Building?

A Yes.

Q Did you ever deliver anything to Fawn Hall anywhere other than the Old Executive Office Building?

A No.

Q Ever receive anything from Fawn Hall or from Barbara anywhere other than at the Old Executive Office Building?

A No.

Q How about deliveries to Barbara other than at the Old Executive Office Building? Any?

A No.

Q Do you know the name Olmstead?

A Yes.

Q Who is he?

A He's -- he came to our office a few times; and one of the trips I made with Mr. Secord to Miami, Mr. Olmstead was present at the meeting. I'm not sure what his function is or what company.

We had Lake Resources stationery made up, I believe in May of '86. And I went to pick that up, and he was waiting at the office for that stationery, and he took five or six sheets.

Q What's his first name?

A Bob or Bill. I don't know which is correct, or even if one is correct.

Q Could you describe him physically?

A He's tall, thin. He wore glasses that were tinted.

Q Color of his hair?

A Kind of a sandy brown. He had a moustache. That's about it.

Q How old was he?

A Forty-ish.

Q When's the last time you saw him?

A I think the last time I saw him was when he was waiting for that stationery.

Q - Which was?

A Back in May of '86.

Q Do you know whether he had sight in only one eye?

A I was told that he did not have sight in one eye.

Q Do you know whether he had a glass eye?

A I was never told that. I was just told he was blind in one eye.

Q Who told you that?

A I believe it was Bob Dutton.

Q How many times was Mr. Olmstead in your offices?

A I only remember seeing him there two times.

Q And who did he meet with on those occasions?

A I believe it was Mr. Secord.

Q On both occasions?

A Yes.

Q And was it on the second occasion when he took the stationery from you?

A Yes, I believe it was.

Q Do you know what his business was?

A No, I don't.

Q And again, he was in Miami on one of the trips that you made with Mr. Secord?

A In April of '86.

Q Do you know his address, Mr. Olmstead?

A No. He told me once. I took him to the airport. He said he lived in Maryland.

Q Anything more specific than that?

A Someplace that it sounded like it was a way from the city, because they said something about the lots were fairly big and he had a garden, and talked about either had a dog or would like to get a dog, but he travels a lot, you know.

Q He'd like to get rid of a dog?

A That was about it. I think Bob Dutton said that he was an ex-Marine.

Q Did he or Mr. Dutton tell you whether Mr. Olmstead had served with Colonel North in the military?

A No, that was never mentioned.

Q You took Mr. Olmstead to the airport. Do you know where he was going?

A No.

Q Did you ever place calls to him, telephone calls?

A No.

Q Is he on your rolodex?

A I don't believe he is.

Q You said that one of the things you have done on your job is to travel with Mr. Secord, correct?

A Correct.

Q Have you also made up a list of the trips with Mr. Secord or on his behalf that you recall?

A Yes.

MR. BELNICK: Would you mark this as the next Exhibit, Napier 5.

(The document referred to was marked Napier Deposition Exhibit No. 5 for identification.)

BY MR. BELNICK: (Resuming)

Q Shirley, showing you this document now that's been marked as Napier Exhibit 5, did you prepare this document?

A Yes, I did.

Q Is it a reconstruction of the trips you recall making as an STTGI employee?

A Yes.

Q And you signed it at my request and put the date on it earlier today?

A Yes, I did.

Q When did you prepare Napier Exhibit 5?

A About three weeks ago.

Q At the same time you prepared Exhibit 4?

A Yes.

Q For the same purpose?

A Yes.

Q If we could just go through the trips, the first one you have listed on Napier Exhibit 5 is over March 13th to 16th, 1986, and would you describe that trip?

A I accompanied Mr. Secord to London to attend a meeting with Mr. Khalid Rasheed.

Q And who is Mr. Khalid Rasheed?

A He's a Saudi Arabian businessman.

Q Had you seen him before?

A No, that was the first time I had met him.

Q Did he ever call the office?

A Yes.

Q Frequently?

A Not real frequently, no.

Q When he called, he asked to speak to Mr. Secord on those occasions?

A Yes.

Q Did you place calls to him for Mr. Secord?

A Yes.

Q Would you go back to the meeting then in London and continue?

A We got there, I believe on Thursday. He had a meeting with him on Thursday afternoon that I did not attend. We met with him later in the evening. I was to go along and to take notes and to hopefully draw a draft or write up a draft of an agreement that Mr. Secord wanted with Mr. Rasheed.

Q And what happened?

A Well, they never came to any firm agreement on writing this agreement. It was like a consultancy agreement.

Q Do you recall any more specifics about the agreement?

A It was something to the effect that, if you wanted to do business in Saudi Arabia government contracts, that you needed a Saudi citizen that had a degree in whatever field you were trying to get into, whether it was electronics, aerospace.

Khalid Rasheed has a degree in aerospace engineering, and so the plan was that he would know what's trying to come into the country and we could have a consultancy group that could supply -- if they wanted to build airplanes, we could have engineers who could tell them how many airplanes and how to build them.

Q Mr. Secord and Mr. Rasheed met together privately during the London trip?

A Yes, they did.

Q Did you attend those meetings?

A No, I did not.

Q Did Mr. Secord tell you what was discussed at those meetings?

A No, he did not.

Q Did anyone else tell you?

A No, they did not.

Q Did Mr. Secord meet with anyone else during this March '86 London trip?

A Yes, he met privately with David Walker.

Q Did you know who David Walker was?

A No.

Q Do you know who he is now?

A I have seen him and he has been to our office.

Q Since the London trip?

A Yes.

Q Who do you understand him to be?

A Mr. Secord had told me that he was the English version of like our Delta Force, the SAS; a retired SAS officer.

Q Did Mr. Secord ever tell you what business he had with David Walker?

A No.

Q Anyone else tell you that?

A No.

Q How many times has he been to STTGI?

A I believe he's been there two times.

Q Since March 1986?

A Yes.

Q What's the next occasion that you recall making a trip for Mr. Secord?

A I went to Miami with Mr. Secord in April of '86.

Q That's the second trip listed on Exhibit 5?

A The 29th and 30th.

Q What was that trip all about?

A We met with a representative of the Jamaican government concerning radio equipment that they wanted to buy. Mr. Olmstead was there, Mr. Secord, myself, and this man from the Jamaican government. Mr. Secord, I asked him if he wanted me to take notes and he said, no, just listen carefully, then write it up after I left the meeting.

He also said at some point two gentlemen from Motorola would be joining the meeting. So I was there about 20 or 25 minutes before the two men from Motorola came. And when they came in, Mr. Secord asked me to return to Washington.

Q And you flew back?

A Yes.

Q Did you write up the meeting as you recalled it on the plane?

A Yes, I did.

Q Typed it up when you got to the office?

A Yes.

Q Give it to Mr. Secord when he returned?

A Yes.

Q Have you ever seen it since then?

A No.

Q Do you know where that writeup is now?

A No.

Q All right. Do you know if Mr. Olmstead was an attorney?

A No, I don't.

Q The next trip you have listed on Exhibit 5 was August 26th, 1986, trip when you went to Miami and picked up the $16,000 in cash?

A Correct.

Q Was anybody with you on that trip?

A No.

Q The final trip is September 23 to 26th, 1986, Geneva, correct?

A Correct.

Q Would you describe that?

A Mr. Secord was already there.

Q In Geneva?

A In Geneva.

And he called. One of the purposes of the trip was to meet with Khalid Rasheed again. They were going to Italy to meet with another company, Brinaddi, which manufactures trash incinerators.

Mr. Rasheed had introduced Mr. Secord to the Brinaddi family. We were trying to get an agreement to become the U.S. rep for these trash incinerators. So Mr. Secord had asked me -- he forgot to take the stationery for the proposal and the STTGI brochures, and he asked me to bring those to him.

Q He asked you to come to Geneva just to bring brochures?

A Yes.

Q Did he ask you to bring anything else?

A No, he didn't.

Q Stationery?

A Just the stationery and brochures.

Q And you delivered it to him?

A Yes, I did.

Q Any other business take place there?

A No. By the time I got there, Khalid Rasheed had called him and cancelled the trip. He was having oral surgery. And Mr. Secord left the next day.

Q How many times have you met Oliver North?

A On three occasions.

Q Would you describe the first of those?

A The first time was a Saturday in September of '86, around the middle of the month, and there was a meeting at STTGI's office.

Q Were you asked specifically to come in on Saturday to help with that meeting?

A Yes, I was.

Q Who was at the meeting?

A Ollie North, Mr. Secord, Mr. Hakim, Sam O'Neill, three Iranians, and that was it.

Q Had you seen Mr. O'Neill before?

A Yes, I had.

Q How many times had he been to your office?

A I think he had only been there one time before, maybe two times.

Q Had he called in?

A If he did, I did not answer the calls.

Q Had you placed calls to Sam O'Neill for Mr. Secord or Mr. Hakim?

A No.

Q Do you know for whom he worked?

A No.

Q Did he at any point carry a business card saying that he worked for Stanford Technology?

A We had, at Mr. Hakim's request, business cards made up for him for Stanford Technology.

Q When was that?

A I believe that was in early summer of '86.

Q Could you describe what Mr. O'Neill looked like?

A He was tall, fairly large framed, probably 50 to 55, wore glasses. I believe he had a moustache, greying hair.

Q Do you know if that was his real name, Sam O'Neill, or whether it was a pseudonym or codename?

A I don't know whether it was his real name or not.

Q There were three Iranians there?

A Yes.

Q Did anyone tell you their names?

A One's name was Chang Iz, C-h-a-n-g I-z. I don't know if that was his first or last name.

MR. LIMAN: Or real name.

THE WITNESS: There was another gentleman there, whose name was Mr. Darvishi and the third gentleman I was not introduced to.

BY MR. BELNICK: (Resuming)

Q Were the three Iranians -- how old would you say?

A The two, Chang Iz and Mr. Darvish, were 40 to 45.

Q And the third?

A Young, mid-twenties, late twenties.

Q How long did the meeting continue among those people on that Saturday?

A They came in between 9:00 and 10:00 on Saturday morning, and I left the office at 8:30 and they were still there, 8:30 at night.

Q Did you hear any of the discussion?

A What I heard was in a foreign language.

Q Nothing in English?

A No.

Q You weren't asked to type anything at that meeting?

A I was asked to make a copy of a paper.

Q Do you recall what that paper was?

A No, I don't. It was just a single sheet.

Q Handwritten? Typed?

A No, it was more like a form, not like a letter but like a business form of some kind.

Q You don't remember what was on it?

A No.

Q Did you leave before the meeting ended?

A Yes, I did.

Q What time did you leave?

A About 8:30 that night.

Q Do you remember when this was?

A I think it was about mid-September.

Q When was the next occasion you met Oliver North?

A It was another Saturday, in probably October.

Q Of?

A '86. Again it was at the office. I was working on a Saturday. I think I was in there doing some personal typing. I know Mr. Secord was there. I was on my way to pick up some lunch, and Ollie North pulled into the parking lot.

I askee him if he wanted a sandwich and took the lunch back upstairs, and stayed a few minutes after that.

Q Was Mr. North still meeting with Mr. Secord when you left?

A Yes.

Q Did you hear any of that discussion?

A No.

Q When was the third occasion that you saw or met Oliver North?

A It was in December of '86.

Q Before Christmas?

A Yes, before Christmas.

Q Would you describe what happened on that occasion?

A Mr. Secord had a room at the Embassy Suites and called and asked me to bring some papers over from the office. I took them over there, and when I arrived Ollie North was there.

Q Anyone else?

A Brendan Sullivan and Tom Green.

Q Did you know Tom Green before you saw him in the Embassy Suite?

A Yes.

Q And who did you know him to be?

A Mr. Secord's attorney.

Q What papers did Mr. Secord -- let me stop that for a second.

The Embassy Suite is a hotel?

A Yes.

Q Where is it located?

A It's in Tysons Corner on 7, Leesburg Pike.

Q In Virginia?

A In Virginia.

Q About how far from STTGI's offices?

A Less than a mile.

Q What papers did Mr. Secord ask you to bring to his room at the Embassy Suite?

A We had a couple of boxes in our storage area that were records, telephone records, telex records, copies of telexes, travel receipts. I think that covers it. Copies of invoices. He asked me to bring those over.

Q He asked you to bring those boxes over?

A Yes.

Q Had those boxes with records been assembled shortly before that day in December?

A Part of it. Part of them had been there.

Part of them were old records that our accountants were working with for the previous year. So they worked out of those boxes to document travel and expenses, and we had gone through and put some telexes and taken some stuff out of my office, receipts for the current year, and put them in that room, because there was a more secure lock on that door.

Q You had done that shortly before this day in December 1986 when you went to the hotel, correct?

A Yes.

Q About how much before?

A The first part of December we did that.

Q Was that the same day you participated in shredding documents at STTGI?

A That I took them over?

Q No, no. That you assembled that box with the documents.

A Part of it.

Q We'll come back to that in a moment. Let's go to the day that you delivered the documents to the hotel.

Mr. Secord asked you to bring the box over.

Were there two boxes?

A There were two boxes.

Q You brought them over?

A Yes.

Q And saw Mr. Secord, Mr. North, Mr. Green, and Mr. Sullivan in the room, correct?

A Yes.

Q You were introduced to Mr. Sullivan?

A Yes, I was.

Q Had you met him before?

A No.

Q Were you told who he was?

A Yes.

Q Who were you told that he was?

A That he was Ollie North's attorney.

Q Who told you that?

A Whoever introduced us, and I don't remember whether it was Mr. North or Mr. Secord, one of the two.

Q You delivered the boxes?

A Yes. I took one upstairs with me. Then Mr. Secord asked me to put them in the trunk of his car, so I took it back downstairs. He gave me his keys, I put them in the trunk of his car, then took the keys back upstairs.

Q And gave them to Mr. Secord?

A To Mr. Secord.

Q And left?

A And left.

Q What kind of car did Mr. Secord have?

A It was an '84 Cadillac, dark blue, the long one, Sedan de Ville.

Q He still drives that?

A Yes, he does.

Q Did you ever get those boxes of documents back?

A Yes.

Q When?

A I believe it was March of this year.

Q Last month?

A Yes.

Q Approximately when in March?

A I don't remember. I just one morning went in and one of the boxes was there.

Q What about the other one?

A The other one I was told was brought back before the independent counsel came in and took it back out again.

Q When did the independent counsel take the boxes?

A It was two weeks ago yesterday, I think. I don't know.

Q Were copies -- did you make copies of what the independent counsel took?

A No.

Q Was that the last occasion that you saw Mr. North, that day in December at the hotel?

A Yes.

Q Has he called your office since then to your knowledge?

A Not to my knowledge.

Q Has Mr. Secord or Mr. Hakim or Mr. Dutton asked you to make any calls to Mr. North since then?

A No.

Q Has he asked you to make any calls to Brendan Sullivan since then?

A No.

Q Have you taken any calls from Mr. Sullivan at the office?

A No.

Q Now, there was a day that we started to talk about some moments ago at the office, when you were asked to destroy certain documents; am I right?

A Yes.

Q When was that?

A That was in December, the first part of December.

Q Of?

A '86.

Q Would you describe as best you recall it what happened on that day?

A Mr. Secord came in and decided we needed to go through our files. I think he actually went through our subject files and took anything out that he wanted destroyed or put into the storage boxes.

I went through the telex files and my files and took all the summary sheets from telephone bills, telex bills, travel, and put those in the boxes. And the telexes, I took out anything that had company names, a person's name, anything that referenced money, or I think I took out things that referenced part numbers, lists of part numbers, gave those to Mr. Secord to go through.

Q And then what happened?

A Anything he wanted destroyed, he gave back and we shredded them.

Q There was a shredder in the office?

A Yes.

Q Where was that located?

A It's in our little kitchen area.

Q Who participated in shredding the documents on that day?

A I did, Jean Corbin, and Bob Dutton. And I don't believe I ever saw Mr. Secord shred anything. I was not standing there. But again, that was in another room.

Q But Mr. Secord was telling you to shred the documents?

A Yes.

Q Did Mr. Secord tell you, then or any other time after, why he wanted those documents shredded?

A No.

Q Have you ever discussed the shredding with Mr. Hakim?

A No.

Q Did Mr. Dutton -- has Mr. Dutton ever said to you why the documents were shredded?

A No, he hasn't.

Q Did the document shredding take place on more than just that day in December that you've described?

A Yes, it did.

Q How many days after?

A I don't know, maybe a couple of days. It was just, I had steno books that I had kept ever since I worked there, that I made all my notes on. Those were destroyed. I'm not sure they were destroyed on the same day.

We destroyed telephone log books, where you have a copy of who called in, phone messages. Those were destroyed.

It was just over a period of days. It was not just one day standing there shredding.

Q Now, you have mentioned communication devices that were in the office. When did you first see them in your offices?

A When I came back to work, I guess, part-time in the fall of '86.

Q Did the devices arrive after that or were they already there?

A I believe they were there.

Q Do you know from where Mr. Secord obtained those devices?

A It's part-time in '85, not '86.

Q Part-time, '85. Let's go back so the record is clear.

You came back to work, you were working part-time in 1985?

A Yes.

Q Do you recall the communications devices being there during that part-time period?

A During the summer of '85 I did not work at all. When I came back in September, I think it was around October I remember the encoding machines.

Q October 1985?

A Yes.

Q Do you know how those machines got to the office, where they came from?

A I assume Mr. Secord brought them in.

Q Do you know from where he got them?

A I understood he got them from the NSC.

Q The National Security Council?

A Yes.

Q On what is that understanding based?

A I believe he told me they were from the NSC.

Q That's your recollection?

A Yes.

Q Did Mr. Secord tell you who at the NSC had given him these devices?

A I believe he said he had gotten them from Ollie North.

Q Is that your recollection of what Mr. Secord told you?

A Yes.

Q Did Mr. Secord tell you for what purpose he obtained these devices from Mr. North?

A Well, you could stay in communications and they couldn't be -- like a wiretap on your phone; I don't know whether you could tap into them, but you couldn't understand them because they were in codes.

Q How many such machines were there in the office?

A At that time there was one.

Q And was there a time that there was more than one?

A Yes.

Q When was that?

A Just recently there were five in there, in the office.

Q Did that -- how long after the first did the other four --

A Well, let's see. When Bob Dutton started in May of '86, he received one. For some reason, it seemed like there was an extra one there that was in the file cabinet. I don't know where that came from.

And then by the end of last year there were two more. I don't know where they came from.

Q They're multiplying. They not only were called, but they were fruitful.

Are there any machines still in the office at

STTGI?

A Yes, there are some there.

Q How many?

A There are five. They're not the big encoding machines that we had before. These are very small.

Q Baby machines? This is getting serious now.

A Yes, they are very tiny ones.

Q What happened to the big ones?

A Mr. Secord took them out of the office.

Q When?

A It's been in the past couple of weeks.

Q Do you know where he took them to?

A No. It was my understanding that -- I don't know whether they were returned. He and Tom Green either returned them to, I don't know if it was the independent counsel or the FBI.

Q Were the smaller machines separate machines?

A They were never used. I never saw these used. I don't know where they came from. They were just there. I think Bob just told me that they were old machines that they had first used at one time, and I don't know where they came from.

Q Did you transcribe messages that were received on the big machines?

A Yes, I did.

Q Were they shown on a cathode ray tube or terminal?

A Yes, there's a little bitty one. There's like a window that will take up to two lines at a time.

Q And then you'd type it?

A Right.

Q Do you remember the name COP?

A Yes.

Q And did you understand who used that name?

A No. I just remember seeing it on one of the messages.

Q Okay. You never heard, aside from anything in the newspaper, that COP was a name for Mr. Secord?

A No.

Q Do you remember the name Mr. Good?

A Yes.

Q Who was Mr. Good?

A Ollie North.

Q How did you know that?

A Mr. Secord told me.

Q And he told you that as of when, do you recall?

A I don't recall. Some time over the past year.

Q Before November 1986?

A Yes.

Q Okay. Do you remember the name Blackie?

A No.

Q Steel?

A Yes.

Q And from where do you remember the name Steel?

A Again, from the encoding machines.

Q What about Castillo?

A Familiar, but I don't know from where, unless it was the machines.

Q Gomez?

A Yes, the machine.

Q And do you know who he was or she was?

A I knew he had something to do with Central American operations.

Q What about the name Fernandez?

A No.

Q Rodriguez, Felix Rodriguez?

A Yes, I remember his name from the machines.

Q Do you know what his involvement with Mr. Secord was?

A No.

Q Do you know where he was?

A I assumed he was in Central America. He came here one time. I remember, I think it was Bob, saying that he was staying at the Westpark hotel.

Q The Westpark where?

A Tysons Corner.

Q When was that?

A Maybe last spring.

Q The spring of 1986?

A '86, or the summer.

Q Did Mr. Secord or Mr. Dutton go to meet with Mr. Rodriguez at the hotel?

A I don't know.

Q Now, you've mentioned Central America several times, and earlier mentioned something about the operation in Central America. What was your understanding of what your company was doing in Central America, what business they had there?

A Well, no one ever explained it to me.

Q What did you think?

A I was told, when Bob Dutton came to work, that he was to oversee the Central American operation. I just assumed that they were involved in resupplying.

Q Resupplying who?

A Well, the contras.

Q Did anyone ever tell you that?

A No.

Q On what did you base the assumption?

A Well, because some of these messages would come in and they would be asking for certain supplies, medical supplies, boots, uniforms, netting, parachutes, that kind of thing.

Q Did you know the name Adolfo Calero?

A Yes.

Q How did you know that name?

A He's called the office before.

Q And has Mr. Secord called him?

A   I believe so.

Q   And did you know that he was a contra leader?

A   Yes, I did.

Q   How about Mr. Arturo Cruz?

A   No.

Q   Adolfo Robelo?

A   No.

Q   Sommariba ~~Susa Rebo~~?

A   No.

Q   What did you understand Mr. Dutton's role was in terms of overseeing the Central American operation? Do you know what his specific job duties were?

A   Just to kind of be a manager and keep things running smoothly, and I guess take care of the people they were dealing with. That's just my opinion.

Q   Did Mr. Dutton or Mr. Secord keep a diary or appointment book?

A   Bob Dutton has always kept very detailed notes. I wouldn't call it a diary, but I guess an appointment book.

Q   How about Mr. Secord?

A   What we normally do is, if he has a meeting or something we're aware of, we'll write it on his calendar that he keeps on his desk. Personally, I don't — if he keeps a personal one, I don't know.

Q You didn't keep a book for him?

A No.

Q Or for Mr. Dutton?

A No.

Q What about Mr. Hakim?

A I did not keep one for him.

Q Did he have a calendar or a diary of his own that you know of?

A Yes, he did. He carried one. I don't know how detailed it was, but he carried one.

Q Did Mr. Dutton travel on business?

A Yes, he did.

Q To where?

A I remember two trips to El Salvador.

Q When?

A I know one was — I guess they were both over the summer. I think he was there in August or September, and I'm not sure of the other time that he went down there.

Q Anyplace else?

A He went to California, he went to San Jose or Los Gatos, to where Mr. Hakim lives.

Q Where in California?

A Los Gatos.

Q Anywhere else in California?

A Oh, he's a consultant for Lockheed. He did a couple of trips with them. I think he went to Ontario, California, for Lockheed.

Q Do you know for how long Tom Green has been associated with Mr. Secord?

A Since I have worked for him.

Q Since you started?

A Yes.

Q And did you always know him as Secord's lawyer?

A Yes.

Q Was there another Green?

A Not that I know of.

Q Did you now of a Mr. Tony Greene?

A Oh, yes. He's called the office on a couple of occasions.

Q And did you ever call him?

A No, I don't believe I have.

Q And who did he ask to speak to on those occasions?

A Mr. Secord.

Q Do you know where he was calling from?

A No. He has a British accent.

Q Do you know what his business was or what his reason for calling?

A Well, at one time I thought he might be associated with David Walker, because I think we received telexes from both of them and it seems like it was the same call letters at the bottom. So that's where I made the association with David Walker.

Q Do you know the name Noel Koch, K-o-c-h?

A Yes.

Q And who do you know him to be?

A He was, I think -- I'm not sure what his title was -- was like an Under Secretary of Defense or Assistant Secretary of Defense.

Q And how did you come to know his name?

A Mr. Secord was a member of the SOPAG, and the meetings were arranged through Noel Koch's office. It's a panel made up of retired generals and admirals that come in and, I guess, give advice on problems.

Q What do those initials stand for?

A Special Operations Planning Advisory Group.

Q And is SOPAG still in existence, to your knowledge?

A I think it is, but I don't think Mr. Secord is on the panel any longer.

Q When did he cease to be on the panel?

A I don't know. I'm not sure if it's a cycle, where you serve a year or two and then they bring in different people. I don't think he's done it in the past year.

Q Did he have contact with Mr. Koch during 1986?

A Yes.

Q Did he call him, Koch call Secord?

A Back and forth.

Q Back and forth.

Any letters to or from Mr. Koch that you're aware of?

A Not that I'm aware of.

Q Now, on the telexes that you either brought to question that day at the Embassy Suite or telexes that you shredded in the days before, do you recall the subject matter of those telexes?

A The ones that were -- some of them were back and forth to CSF, and it would be like, again, wanting to know what happened to funds that were supposed to have come in at a certain time, asking them to follow up on it.

There were some in connection with Udall, that we wanted to know what had happened to the money, if they were trying to collect it. I know there was one note from David Walker, too.

I can't remember all of them.

Q Do you recall any mention of weapons, munitions, in any of these telexes or other documents that were shredded or brought to Secord that day?

A I'm not sure they ever mentioned weapons specifically.

Q Well, let me see. Do you remember any telexes that mentioned Blowpipes?

A Blowpipes?

Q Do you remember ever seen telexes like that?

A No. You know, sometimes, like I said, there were some that had like part numbers. But when you get into a series of part numbers and what it was, I didn't pay attention.

Q Did you ever hear any discussion in the office of money obtained from any foreign governments to assist the contras?

A No.

Q Do you know whether Mr. Secord had any dealings with the government of Saudi Arabia on that matter?

A I don't know.

Q You don't know one way or the other?

A No.

Q How about Taiwan or Korea?

A I don't know.

Q Brunei, B-r-u-n-e-i?

A No.

Q Okay. Did you know the name Rob Owen?

A No.

Q How about Robert Earl?

A Yes.

Q Who did you know him to be?

A That he worked in Ollie North's office at the NSC.

Q How did you come to know him?

A He would call the office also.

Q And ask to speak to whom?

A I think most of the time he talked to Bob Dutton.

Q Did Mr. Dutton ever ask you to place any calls to Mr. Earl?

A No.

Q Do you know business Dutton had with Earl?

A No.

Q Did you ever know what business Secord had with Lieutenant Colonel North?

A No.

Q Did you ever know what they were working on together?

A No, I was never told.

Q Weren't you curious?

A I thought -- now, this is just what I thought. No one ever told me. I thought they were working on a rescue attempt for the hostages who were being held in Beirut.

Q How did you come to that conclusion?

A Once in a while -- well, I think on one occasion, Mr. Secord said something to the effect that, something about the hostages being released and everybody would be heros. And so from that I assumed that's what they were working on.

Q Did you ever have reason to think they were working on anything that related to Central America?

A Yes.

Q What gave you reason to think that?

A I guess because of the messages on these encoding machines that went back and forth, because I wasn't aware that they used them for anything to do with Europe. I assumed they were just for that operation down south.

Q Did you ever ask Mr. Secord -- you've traveled with him from time to time and saw him -- what business he had that involved a member of the National Security

Council staff and Central America?

A No.

Q Were you curious about it?

A I was curious, but I also know Mr. Secord well enough that it was something that he was not going to tell me even if I asked.

Q What about Mr. Dutton?

A I've never asked him.

Q Why not?

A I don't know. I just never have.

Q Did you have any qualms about taking cash to the Old Executive Office Building for Lieutenant Colonel North?

A Yes, that concerned me.

Q Did Mr. Dutton, when he gave you instructions, make it clear that the cash was intended for Lieutenant Colonel North?

A Yes.

Q Did he say to you, Ollie's waiting for it, something like that?

A He did say Ollie was waiting for it.

Q And it concerned you?

A I was concerned carrying the cash.

Q Why'd you do it?

A Well, because I'd already said I would do it before I knew what I was picking up. And then I thought, well, I might as well go ahead and do it; I'd already said I would.

Q Did you express your concern to Mr. Dutton?

A Yes. I was concerned about, what if I went through the little detector thing and they saw, you know, stacks of money in this envelope. And he said they would have it packaged in a way that it wouldn't be a problem.

And then he says, you know, you don't have anything to worry about. And I guess I just took him at his word.

Q Did you ever ask him at all, or Secord, what the reason was for this cash?

A No, I didn't.

Q Any understanding of what it was for?

A No. I thought it was strange to bring money up and take it to the Executive Office Building. I could understand if they were taking money down, if they were using it for Nicaragua or El Salvador.

But no, I was kind of puzzled at that.

Q How about Mr. Nir? Have you ever heard of him?

A No, I don't think so.

Q Nimrodi?

A Yes, but I'm not sure if it's not from the press.

Q From the press since November?

A I don't recall hearing his name in relation to the office.

Q Do you remember when the press disclosed the dealings between our government and Iran on the hostages in November 1986?

A Yes.

Q Did Mr. Secord ever talk to you about that after it was disclosed? Did he make any comments, observations to you, about the brouhaha in the press?

A Other than the press didn't know what they were doing and were messing everything up.

Q Did he tell you what they were messing up?

A No. Oh, he did say something about he thought that they were endangering people's lives.

Q Then you recall the Attorney General of the United States had a press conference in November, at which he announced that there was reason to think that moneys that had been involved in the Iran transaction had been diverted to the contras.

Do you recall that?

A Uh-hmm.

Q Did Mr. Secord ever talk to you about that announcement, express any views to you concerning that matter?

A No, he did not.

Q Did he express any concern about that matter to you? Has he ever discussed it with you at all?

A No, he hasn't.

Q How about Mr. Dutton, same questions?

A No.

Q Hakim?

A No.

Q Did Mr. Secord travel to Geneva in the fall of 1986?

A He was there in September. Yes, September, when I was there.

Q Do you recall if he was there in November?

A I can't recall whether he was or not.

Q Has he been to Geneva since November 1986 that you know of?

A I believe he has traveled to Geneva.

Q When?

A In the past three or four weeks.

Q Do you know if Mr. Hakim was there at the same time?

A I believe he was.

Q How about Mr. Dutton?

A No.

Q Did you make these travel arrangements for Mr. Secord three weeks ago?

A I don't remember if I did or not.

Q What travel agency did you use?

A BT Travel.

Q In McLean?

A Yes, or Tysons Corner.

Q And did Mr. Secord sometimes make travel arrangements for himself?

A Yes, he did.

Q Do you know if he used the same agency?

A I don't know if he did or not. I'm assuming he did.

Q For how long was Mr. Secord in Geneva three weeks ago?

A I think he was there just for a few days.

Q Do you know what the purpose of that trip was?

A No, I don't.

Q Aside from that trip, has he made any other trips to Geneva that you're aware of since the end of November?

A Not that I'm aware of, unless I could look back through travel records.

Q Shirley, have you told Mr. Secord that you'd be discussing these matters with the independent counsel or with us?

A No.

Q Has he ever talked to you about what you should or shouldn't say in connection with any of these matters?

A Well, the only thing he's ever told me was to tell the truth.

Q How about Mr. Dutton?

A No.

Q Mr. Hakim?

A Tell the truth.

Q And you are telling the truth today?

A Yes.

(Pause.)

Q Let me mark as the next exhibit the subpoena.

(The document referred to was marked Napier Deposition Exhibit No. 6 for identification.)

Q I'll go to this in a moment.

Let me ask you about a few more people. Robert Lilac, do you know him?

A Yes.

Q Who do you know him to be?

A He worked as a consultant for us back in, I believe it was, '84 or '85, when we were working on the Marways project in Saudi Arabia.

Q In Saudi Arabia. Was Marw[redacted] a15 related to Secord's company in any way?

A No.

Q Did somebody from that company share space with Secord when you first started working there?

A When we first opened, he shared office spaces with us.

Q And who was "he"?

A His name was Alfred Perry.

Q P-e-r-r-y?

A Yes.

Q Do you know where he is today?

A He has an office in Leesburg.

Q And for how long did he share space, once you were there?

A Until April of '86.

Q And then?

A And then he moved out and opened an office in Leesburg.

Q Under the name Marw[redacted] a15?

A Yes.

Q What business is Marw[redacted] a15 in?

A Steel business.

Q Do you know Glenn Robinette?

A Yes, I do.

Q Who do you know him to be?

A A security consultant for us.

Q For your company?

A Stanford Technology.

Q Have you seen him?

A Yes, I saw him Tuesday, I believe.

Q Tuesday of this week?

A This week.

Q He was in the office?

A Yes.

Q And who was he meeting with?

A He wanted to meet Mr. Secord and Mr. Secord didn't come in that day.

Q Did he leave any message for Mr. Secord?

A Just to call him later.

Q He appeared unannounced?

A No, he called and said he was going to come by and use our copier and wait for Mr. Secord to come in. Mr. Secord was expected in around noon.

Q Had you seen Mr. Robinette at the office before this recent Tuesday?

A Yes.

Q Is he a frequent visitor?

A Fairly frequently.

Q How frequently?

A Maybe once a month, once every two months.

Q Now, I think you told us that he was a security consultant for your company, correct?

A Yes.

Q Could you be a little more specific about what that meant?

A I don't know what it meant. That was the way I was told to write the checks, to make it out to him and the purpose of the check was for security consulting.

Q How much were the checks that you drew to him?

A They were normally either $5,000 or $6,000.

Q And how frequently did you draw those checks?

A Maybe every couple of months. I think we've only maybe done five or six checks to him.

Q Do you know whether Mr. Robinette ever did any work for you that involved Lieutenant Colonel North?

A I don't know.

Q Do you know if he ever did any work at Lieutenant Colonel North's house?

A I don't know.

Q Do you know the name Nestor Sanchez?

A No.

Q Did Mr. Robert McFarlane call the office at any time while you've been employed there?

A Not to my knowledge, but I normally don't answer the phone.

Q Do you know if Mr. Secord called Mr. McFarlane on any occasions?

A I don't know.

Q Did he ever discuss Mr. McFarlane with you?

A No.

Q Indicate whether he had any relationship with him?

A No.

Q How about Admiral Poindexter? Did he ever call the office, to your knowledge?

A Not to my knowledge.

Q Did Mr. Secord ever ask you to get him on the phone?

A No.

Q Ever talk about him?

A No.

Q Indicate he had any relationship with him?

A No.

Q Did you know the name Spitz Channel?

A No.

Q Richarc Miller?

A No.

Q National Endowment for the Preservation of Liberty?

A No.

Q This is a copy of Napier Exhibit 6, the subpoena that we served on you, Shirley.

MR. BELNICK: And I can address this question to counsel, if it's easier, Gerry. Aside from the rolodex we've identified and requested we be provided, has Ms. Napier looked through the documents described in the subpoena and brought in today whatever she's found, but for the rolodex?

MR. TREANOR: Yes.

MR. BELNICK: So I am correct, am I not, that this is the subpoena that was served, a copy of it?

MR. TREANOR: It appears to be a copy of what I received.

MR. BELNICK: I represent that it's what I believe is --

MR. TREANOR: That's good enough for me.

MR. BELNICK: Okay.

BY MR. BALLEN:

Q Let me clarify the record. Is it true you also received a copy of the subpoena from the House?

A Yes, I did.

Q Do you recall when that was?

A I think you have it there. I can get the copy of you want me to.

Q Just for the record.

MR. BALLEN: You've received the House subpoena as well as the Senate?

MR. TREANOR: I believe all of the documents called for in both the House subpoena and Senate subpoena have been produced today, with the exception of a xerox copy of the rolodex, which I believe is the only personal document in the custody of Ms. Napier at the STTGI office. And we will produce that.

MR. BALLEN: Thank you very much.

BY MR. BALLEN: (Resuming)

Q I'm going to work from the back forward.

A Okay.

Q You testified a little bit earlier that Mr. Secord was in Geneva three weeks ago; is that correct?

A Approximately three weeks ago.

Q Also, you believe Mr. Hakim was there, too?

A Yes.

Q What led you to believe that Mr. Hakim was also in Geneva at the same time as Mr. Secord?

A We placed calls to Mr. Hakim and that was the country code, and the hotel was a hotel in Geneva where they stayed before.

Q Okay. Who asked you to place the calls?

A Mr. Secord would ask me to call Albert.

Q In Geneva?

A Um-hmm.

Q This was when he was still in the United States?

A Yes.

Q Virginia?

A Yes.

Q Did you place any phone calls to Mr. Hakim in Geneva at the same time, three weeks ago, that Mr. Secord was in Geneva?

A I don't believe so, no.

Q I'm a little confused. What led you to believe that Mr. Hakim was in Geneva three weeks ago at the same time Mr. Secord was there?

A I guess I was just assuming he was still there when Mr. Secord went, since we had talked to him there before he went on his trip.

Q How much before Mr. Secord went on his trip did you talk -- did you place the phone call from Mr. Secord to Mr. Hakim in Geneva?

A Probably a matter of a few days.

Q So it was shortly before? Would it be fair to say this was shortly before Mr. Secord left for Geneva, you placed a call to Mr. Hakim in Geneva to Mr. Secord?

A Yes.

Q Now, you mentioned Mr. Glenn Robinette, a security consultant to the company. Did you ever cut a check for $2,000 for Mr. Robinette?

A Mr. Secord cut a check for $2,000 to Glenn Robinette.

Q Would you explain the circumstances of that?

A It was a day I was not in the office, and when I went to write out a check I saw in the register that he had written a check to Glenn Robinette in the amount of $2,000. And the reference was for security consulting.

Q Have you read in the press about a gate being constructed at Mr. North's house?

A Yes, I did.

Q Do you recall whether or not the check that Mr. Secord wrote was around the time of the gate construction?

A It was.

Q Do you know what time that would be, approximately?

A It seems like it was a couple of weeks ago that that happened, two or three weeks ago.

Q Approximately?

A I'm not sure. The check was written on a Thursday. Again, I'd have to go back to my check register. And that was a couple of weeks ago.

Q You also testified that, on the messages that came across the communications device, that you typed certain hard copy of those messages?

A Yes.

Q Would that be correct?

A Yes.

Q Were any of those -- did you ever see any of those typed copies after you had typed them?

A That I had typed?

Q Yes.

A I believe I saw them in Bob Dutton's office, on his desk or something, when I would take something in.

Q Did there ever come a time when the communications device got a printer attached to it?

A Yes, we did get a printer.

Q And when would that be?

A I believe it was last summer, the summer of '86, we got a printer.

Q How did that printer work, to the best of your knowledge?

A It was attached to the encoding machine and I think you hit a button. When a message came in, after it was finished, you could hit a button for print and it printed out a copy.

Q Did you ever see any of those printed copies?

A I saw them, never close enough to pick them up and read them.

Q And where do you think you saw them?

A That was in Bob's office. He had the printer in his office.

Q Do you know what happened to either the copies you typed -- do you know what happened to the copies you typed?

A I gave them to either Bob or Mr. Secord, whoever had asked me to type it out.

Q And how about the copies, the printed copies from the communications device? What happened to those?

A Bob Dutton had them. I don't know whether he kept them or threw them away.

Q Among the documents that Mr. Secord asked you to shred in December 1986, did you notice any typed communications documents?

A No.

Q You don't recall any?

A No. Mr. Secord gave me some papers to destroy that he had in his office or in his briefcase. He produced them; I don't know where they came from. I shredded them, but I shredded them face-down.

Q So you don't know?

A So I have no idea what they were.

Q Were they white business -- what did they look like?

A They were just like white paper, like that, just a stack probably about like that.

Q Could you tell whether the writing went all the way down the page, it was a half a page?

A I didn't pay that close attention to them.

Q This would be during the time period when Mr. Secord, in December of '86, when he had asked you to shred documents, would that be correct?

A Yes.

Q Would that be -- I'm just trying to fix in your memory how far into December that occurred. Would that have occurred in the first week or the second week or the third week, as best you can recall?

A I know it was before the 19th of December, is all that I can recall. I left on Christmas vacation the 19th of December, so it was done before that. I really don't remember whether it was the first or second or third week.

Q Were the days -- you said it happened on more than one day. Were the days one after another or were they spread out over a long period of time?

A I think they were spread out over a period of time.

Q Do you have any recollection at all whether a period of time had passed in December before the first date occurred that you were asked to do this?

A No.

Q Are there files kept of the American Express records?

A Yes.

Q Are these files kept now currently at STTGI offices?

A With the exception that the independent counsel has taken all of them out, they are kept there.

Q These are documents as well that the independent counsel has taken out, in addition to the other documents that you described?

A Yes, yes.

Q Now, you mentioned, if I recall correctly, at one point in time Secord Associates?

A Yes.

Q What is Secord Associates?

A That's another business of Mr. Secord's. I don't know what functions it performs. We pay him his salary as a consultant and the checks are made out to Secord Associates, Incorporated.

Q And how much is the salary he gets paid?

A $6,000 a month.

Q Is he paid a salary by STTGI?

A STTGI is the one that pays him the $6,000 a month, and the checks are made out to Secord

Associates.

Q Does he get another salary directly from STTGI?

A No.

Q As president of that corporation?

A No.

Q Is Secord Associates an incorporated company as far as you know?

A I assume it is, if it's Secord Associates, Incorporated.

Q And do you perform any secretarial duties or other duties for Secord Associates, Incorporated?

A No.

Q Does anyone to your knowledge?

A No, not in our office.

Q Do you know of any business that this company conducts?

A No.

Q Do you know where the Secord Associates bank accounts are located, what bank?

A No, I don't.

Q How about the STTGI bank accounts?

A At First American Bank of Virginia.

Q And which branch is it?

A Vienna.

Q Now, on the days involving the shredding of the documents, just so I understand your testimony correctly, Mr. Secord went through some of the actual files and pulled documents that he then wanted you to shred?

A Yes.

Q In fact, he instructed you to shred them; is that correct?

A Yes.

(Pause.)

Q Now, do you know the name Erich von Marbod?

A I've heard it in the press.

Q Did you ever know whether he called the office or not?

A Not that I ever took a call from him.

Q How about Edwin Wilson?

A No.

Q Let me ask about Theodore Shackley? Did you ever take any calls from him?

A I believe so.

Q Has he ever visited the office?

A Not to my knowledge.

Q Did you make any travel arrangements for Mr. Secord and yourself with BT Travel?

A Yes, I did.

Q Did he ever use any other company that you know of?

A Not that I know of.

Q Did you destroy during December any rolodex cards?

A Yes, I did.

Q Do you recall any of the rolodex cards that you destroyed?

A David Walker's card, Rafael Quintero, and I believe Ollie North's card.

Q Who asked you to destroy those cards?

A Mr. Secord asked me to destroy David Walker's card, and I destroyed Ollie North's and Rafael Quintero's because their numbers were not good any more.

Q Did Mr. Secord asked you to destroy any other cards?

A I don't recall. I don't think so. Those are the three I recall destroying.

MR. BALLEN: I have no further questions.

(Discussion off the record.)

BY MR. HOLMES:

Q Ms. Napier, were you ever employed as a consultant for American National Management?

A No.

Q You never consulted for them?

A No.

Q Did you ever receive any money from that corporation?

A Yes.

Q What were the circumstances of your receiving that money?

A When I first started working for Stanford Technology, Stanford Technology was sub-leasing office space from American National. And they paid my salary and then billed Stanford Technology for my salary plus office space.

Q Did you actually perform work for American

National or did you do all the work for Stanford?

A I worked for Stanford Technology.

Q You never worked under the direction of a Mr. Gadd?

A No, I did not.

Q Referring to your trip to Miami on August the 26th, 1986, prior to your trip you watched Mr. Dutton make a phone call; is that correct?

A I didn't watch him. He said he was going to make a phone call.

Q Who did he call?

A I believe he called Ollie North.

Q Did he tell you he was going to call Ollie North?

A He didn't tell me he was going to call Ollie. But later in conversation it was that he had checked with Ollie to see if it was okay if I picked up the money.

Q As I recall your testimony, there was another phone call prior?

A He was going to call -- the other was to Southern Air Transport to set up who I would meet and where.

Q I assume he talked to Mr. Langdon there?

A I'm not sure who he talked to. The man that I met called me later that afternoon and arranged the meeting.

Q And he told you how to recognize him?

A Yes.

Q Is that how you knew what an SAT ID badge looked like when you arrived there?

A Yes.

Q Had you ever seen one before?

A No, I had not.

Q What did it look like?

A It was a very large badge, and it had their picture and it had "SAT" across the top.

Q Did the picture match the face that you were looking at?

A Yes, it did.

Q You picked up the package from this man in the airport in Miami and opened it in the women's room, is that right?

A He opened it in the lounge and showed me the money.

Q And then you reopened it in the women's room?

A Yes.

Q It was then packaged in a Federal Express envelope, is that right?

A Yes.

Q Did you repackage it for delivery to the White House?

A No, I did not.

Q You delivered it in the same envelope in which you got it?

A Yes.

Q And that was a Federal Express envelope?

A Correct.

Q It was all in bills of the size of $20 or smaller, is that right?

A Yes.

Q How thick was the stack of bills?

A Probably about like that (indicating).

Q That's about an inch or an inch and a half?

A Yes.

Q Were the bills new or old?

A Old.

Q Now, you had occasion to discuss the movement of money in cash to Latin America before, hadn't you?

A No.

Q That had never come up in conversations with anybody of the people at STTGI?

A No.

Q Did you know how they were paying for the fuel for the airplanes in Latin America?

A No, I didn't.

Q Was there any message traffic in relation to the movement of cash that you were aware of?

A Are you talking about on the machines, messages?

Q Yes.

A Yes. They would ask for funds, they would -- I think they would send a message as to what their expenses were at different times, housing, telephone, and I believe salaries for the men that were down there.

Q Did it appear to you that Mr. Cooper was primarily in charge of that?

A Yes, by what Bob Dutton said about him, I believe he was in charge of it.

Q Do you know whether Mr. Dutton had spoken with Mr. Cooper before the August 26th movement of the cash?

A I don't believe he did. When I said that I would go down, I don't know whether he talked to him or not. I don't think so.

Q Isn't it true that Mr. Cooper was in the District of Columbia about a week before that?

A That I don't know.

Q You don't recall?

A No.

MR. TREANOR: I'm not sure she said that she doesn't remember.

MR. HOLMS: I understand.

MR. TREANOR: I understood that her answer was that she didn't know.

THE WITNESS: I don't know.

MR. HOLMES: I understand.

BY MR. HOLMES: (Resuming)

Q You said that you spoke to your husband about the movement of cash. When did you first speak to him about it?

A When I talked to my lawyer, and he had been talking to the independent counsel and they were talking about possibly prosecuting me in connection with this money. And I thought that I should make my husband aware of what had happened.

Q You hadn't mentioned it to him at any time prior to that?

A No.

Q And you hadn't mentioned it to anybody else, is that true?

A No.

Q Did you have any other cash transactions besides the ones you've talked about?

A No, other than the $16,000 and the $15,000, no.

Q You said that you bought business cards. Where did you buy them?

A I believe it was from Minuteman Printers.

Q Is that in Vienna?

A No, it was over on Courthouse Road. It probably is a Vienna address. I believe it was

Minuteman.

Q Is that the only place that STTGI bought such things?

A Yes, that's where we have had printing done.

Q Did they also do your stationery?

A No, our stationery was done in California.

Q Where?

A I don't know. I would have to go back through the bills to find out. Mr. Hakim made the arrangements for STTGI stationery.

Q Now, Ms. Napier, we have had a discussion about some subpoenas that you've already complied with. Are you aware that the Senate has served a subpoena on the corporation itself recently?

A No.

Q You should be aware that a subpoena is in effect right now on the corporation itself for virtually all the corporate records. You understand that if the corporate records are not produced pursuant to that subpoena by the corporation that would be contempt.

MR. TREANOR: Why are you giving these instructions to her?

THE WITNESS: On my part?

MR. BELNICK: Excuse me, excuse me. Kip, are we finished with the questions now? I think we've covered the area.

MR. HOLMES: That's all.

MR. BENICK: Okay, thank you.

MR. BELNICK: Let me just mark one or two other documents, Shirley, that you brought with you.

THE WITNESS: Well, can I have something clarified here? Am I being held in contempt if the company doesn't--

MR. BELNICK: No. Let me clarify that for the record. You are not being held in contempt. The comment was not meant to threaten you with contempt or to suggest anything of the kind. I believe you should take it just as a comment that, by way of information, the Senate has served a subpoena on the corporation.

You are not the corporation.

THE WITNESS: Okay.

MR. BELNICK: You have been very cooperative here today, and there was no implication to the contrary in that question, certainly none intended by the Senate

Committee.

Okay, so please relax. Don't take anything from it, okay. All right.

Would you mark this as the next exhibit.

(The document referred to was marked Napier Deposition Exhibit No. 7 for identification.)

BY MR. BELNICK: (Resuming)

Q Shirley, this is Napier Exhibit 7. Is this a record you brought with you today of your travel on April 29 and April 30, 1986?

A Yes, it is.

Q Okay. And you produced that this morning?

A Yes, I did.

MR. BELNICK: Would you mark this next document as Napier Exhibit 8.

(The document referred to was marked Napier Deposition Exhibit No. 8 for identification.)

BY MR. BELNICK: (Resuming)

Q Now, is Napier Exhibit 8 a copy of a travel record you brought with you this morning of your travel on September 23, 1986, to Geneva?

A Yes, it is.

Q Shirley, the last question I wanted to ask you, and you may have answered it before. If you did, forgive me for repeating. But in connection with the transaction in August 1986 when you delivered the cash to the OEOB, you told us that some time thereafter you discussed that transaction with Mr. Secord, right?

A Yes.

Q And I believe you told us that he expressed concern that you were involved in this or became involved in that, correct?

A Yes.

Q Can you recall, was he any more specific about, in his words, as to what he was referring to when he said, I'm sorry you've been involved, become involved in "this"? Do you remember specifically, more specifically, what he said?

A I think the concern he expressed on the part of Colonel North was that maybe for security reasons he was a little reluctant to have someone else know about it. Mr. Secord's concern was just for my personally being involved in it.

Q And involved in what?

A I don't know, other than picking up this cash. He never expressed why, what the whole scope of the thing was that I would be -- that he would be concerned about my being involved.

MR. BELNICK: Ken, do you have any more questions?

MR. BALLEN: Just one further matter for clarification. I think you understand that here today we're in executive session. Nothing that has been taken down in this deposition is going to be repeated to anyone outside of this room other than perhaps, in the case of the House, to the chief counsel for the House or the Chairman of the Committee or the ranking Republican member.

In addition, we would request that you not repeat the contents of this.

THE WITNESS: Certainly.

MR. TREANOR: Well, now wait a minute. I will advise her as to what she can or can't do.

MR. BALLEN: She can do it.

MR. TREANOR: I understand your request and we'll consider your request, along with any other factors that relate to our communicating what we've heard today.

MR. BELNICK: Speaking for the Senate Committee, we'll only be discussing your testimony with those on the staff of our Committee that need to know. Beyond that, what you should or should not do with your testimony, you should be guided, in our view, solely by your counsel.

I want to thank you for appearing here today and for giving us testimony.

Is there anything that you want to add?

THE WITNESS: I can't think of anything I've left out today.

MR. BELNICK: Mr. Treanor, did you want to ask any questions?

MR. TREANOR: I have no questions, thank you.

MR. BELNICK: Thank you for your cooperation.

THE WITNESS: You're welcome.

(Whereupon, at 3:45 p.m., the taking of the instant deposition ceased.)

____

Signature of the witness

SIGNED AND SWORN TO before me this ______________________

day of _______________________, 198__.

____

Notary Public

My Commission expires:

CERTIFICATE OF REPORTER

I, JANE W. BEACH, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by ME; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Jane W. Beach
NOTARY PUBLIC

My commission expires 11-14-91 .

BT TRAVEL
8206 LEESBURG PIKE/SUITE 202/VIENNA, VA 22180

NAPIER/SHIRLEY A

STANFORD TECHNOLOGY TRADING GRP INT
ATTN:MS SHIRLEY NAPIER
8615 WESTWOOD CENTER DR
VIENNA VA 22180

DATE	INVOICE		AGENT
AUG 25 1986	9690	ACCOUNT: 300	57

DEPARTURE CITY | ARRIVAL CITY | AIRLINE | FLIGHT NO | DATE | DEPART | ARRIVE | STATUS

26 AUG 86 - TUESDAY
PRESIDENTIAL 831 COACH CLASS
LV: WASH/DULLES 925A CONFIRMED
AR: MIAMI 1155A
AIRPORT BOARDING PASSES ONLY

24 HR EMRGNCY NMR 800-645-9860/NY STATE 800-732-9639
***THANKYOU FOR BOOKING BT TRAVEL.
CHANGES COULD RESULT IN HIGHER FARE

COMPARED TO THE FULL FARE THIS REPRESENTS A SAVINGS OF $ 301.00

TICKET NUMBER/S:
NAPIER/SHIRLEY A 7652493566 CARD 99.00

AIR TRANSPORTATION	91.67	TAX	7.33	TTL	99.00
		SUB TOTAL			99.00
		CREDIT CARD PAYMENT			99.00-
		AMOUNT DUE			.00

703-790-0460

CUSTOMER ITINERARY

[redacted]

BT TRAVEL
8206 LEESBURG PIKE/SUITE 202/VIENNA, VA 22180

NAPIER/SHIRLEY A

STANFORD TECHNOLOGY TRADING GRP INT
ATTN:MS SHIRLEY NAPIER
8615 WESTWOOD CENTER DR
VIENNA VA 22180

DATE	INVOICE		AGENT
AUG 25 1986	9691	ACCOUNT: 300	57

DEPARTURE CITY | ARRIVAL CITY | AIRLINE | FLIGHT NO | DATE | DEPART | ARRIVE | STATUS

26 AUG 86 - TUESDAY
UNITED 888 SPCL CLASS
LV: MIAMI 129P CONFIRMED
AR: WASH/DULLES 354P
SEAT- 4C

24 HR EMRGNCY NMR 800-645-9860/NY STATE 800-732-9639
***THANKYOU FOR BOOKING BT TRAVEL.
CHANGES COULD RESULT IN HIGHER FARE

COMPARED TO THE FULL FARE THIS REPRESENTS A SAVINGS OF $ 300.00

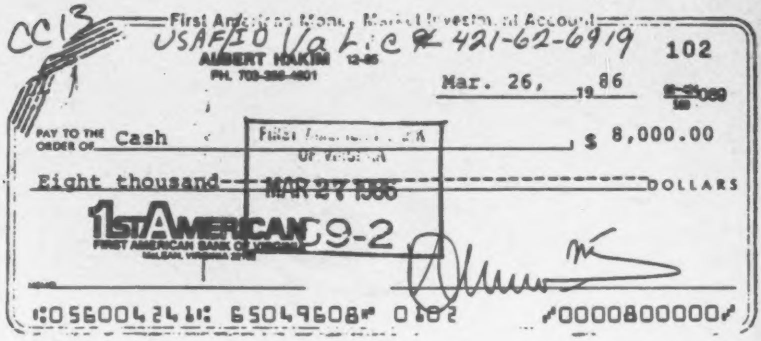
TICKET NUMBER/S:
NAPIER/SHIRLEY A 7652493567 CARD 100.00

AIR TRANSPORTATION	92.60	TAX	7.40	TTL	100.00
		SUB TOTAL			100.00
		CREDIT CARD PAYMENT			100.00-
		AMOUNT DUE			.00

703-790-0460

CUSTOMER ITINERARY

[redacted]



CC13

First American Money Market Investment Account

USAF/ID Va Lic # 421-62-6919

ALBERT HAKIM 12-85
PH. 703-[illegible]

102

Mar. 26, 19 86

[illegible] 069

PAY TO THE ORDER OF Cash $ 8,000.00

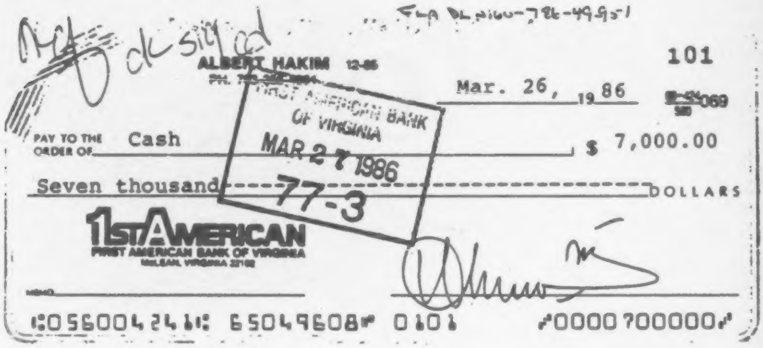
Eight thousand-- DOLLARS

1STAMERICAN
FIRST AMERICAN BANK OF VIRGINIA
McLEAN, VIRGINIA 22102

FIRST AMERICAN BANK OF VIRGINIA
MAR 27 1986
59-2

MEMO

:056004241: 65049608" 0102 "0000800000"



ck signed

Fla DL H160-786-49-951

ALBERT HAKIM 12-85
PH. 703-[illegible]

101

Mar. 26, 19 86

[illegible] 069

PAY TO THE ORDER OF Cash $ 7,000.00

Seven thousand-- DOLLARS

1STAMERICAN
FIRST AMERICAN BANK OF VIRGINIA
McLEAN, VIRGINIA 22102

FIRST AMERICAN BANK OF VIRGINIA
MAR 27 1986
77-3

MEMO

:056004241: 65049608" 0101 "0000700000"

Shirley A. Napier

Shirley A. Napier

Cash Transactions:

$15,000.00
3/26/86

Cashed two checks (#101 $7,000.00/#102 $8,000.00) for Albert Hakim from his personal account at First American Bank.

He was waiting for a $15,000.00 wire transfer to his personal account when it came (he had me call the bank and check to see if it had been credited to his account so he could wirte checks on it) he had me type the checks he signed them and then he asked me to cash them at seperate banks. I cashed one at the Vienna branch and the other at the Tysons Corner branch. I expressed some concern to Mr. Hakim about cashing them and he said I didn't have anything to worry about unless they were over $10,000.00. I cashed them and gave Albert Hakim the money. He left that night or the next morning on a trip. I don't remember where he was going--Geneva or maybe London. Tom Clines and Rafael Quintero were in the office the day I cashed the checks. I don't remember where the wire transfer came from - I assume Switzerland.

$16,000.00
8/26/86

8/25/86 Bob Dutton was trying to get in touch with Bill Cooper (BC was coming to DC) to have him go to Miami and pick up documents. Bob was leaving on a trip that night and was having a problem getting in touch with Cooper. RVS was traveling and I had very little to do so I said I would go to Miami and pick up the documents. Bob said he would have to make a call. He did and came back and said it was okay if I went. He got on the phone again to arrange the pick up and I made my reservations. At this point he told me I would be picking up $16,000.00 from an SAT representative possibly Bill Langton but they would call and coordinate with me. Later in the day the man from SAT called and told me how to recognize him and arranged where we would meet. I don't remember his name but I believe he is the comptroller for SAT, he hadn't been with them for very long. On the 26th I flew to Miami, met the man - we went into a lounge, he gave me a Federal Express envelope, he opened it and showed me the money. The lounge was very crowded and I didn't want to take the money out and count it. He vouched for the amount and I signed a receipt. We were in the lounge maybe 20-25 minutes. We left the lounge and I went into the ladies room and counted the money - $16,000.00 in small bills - I don't remember if there was anything higher than a $20 bill. I came back to Dulles and took the money to the Old Executive Office Bldg. I called Fawn Hall and told her I was downstairs and had an envelope Ollie was waiting for. She came down, took the envelope, we exchanged a few words and I left.

[redacted]

Shirley A. Napier
4/10/87

Travel:

March 13-16, 1986: London

Accompanied Mr. Secord to attend a meeting with a Mr. Khalid Rasheed concerning a consulting agreement between the two. I was there to take notes and draft the agreement. No definite agreement was agreed upon, I never wrote up anything. Mr. Secord and Mr. Rasheed met together privately. I don't know what they discussed at these meetings.

Mr. Secord also met privately with David Walker.

April 29-30, 1986: Miami

Met with a representative of the Jamaican govt. concerning radios. Present at this meeting was Mr. Secord, Mr. Olmstead and myself. Mr. Secord asked me to listen carefully but not take notes and write it up after the meeting. I was in this meeting for approximately 20-25 minutes. Two men arrived (earlier I was told they would be coming that they were with Motorola) and Mr. Secord asked me to leave and return to Washington.

August 26, 1986: Miami

Met with a man from Southern Air Transport and he gave me $16,000.00 in cash. I was in the Miami Airport about an hour, return to Dulles, drove to the Old Executive Office Bldg. and gave the money to Fawn Hall.

Sept 23-26, 1986: Geneva

Met Mr. Secord to deliver STTGI stationery and brochures he forgot to take with him.

Shirley A. Napier
4/10/87

[redacted]

14

UNITED STATES OF AMERICA

Congreſs of the United States

To Shirley Napier
3340 Mansfield Rd.
Falls Church, VA, **Greeting:**

Pursuant *to lawful authority, YOU ARE HEREBY COMMANDED to appear before the* SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSTION *of the Senate of the United States, on* March 30, *19*87, *at* 9:30 *o'clock* a. *m., at their committee room* Hart Senate Office Building, 9th Floor, *then and there to testify what you may know relative to the subject matters under consideration by said committee.*

Pursuant to Committee Rule 6, this subpoena directs appearance at the deposition whose notice accompanies it. You must bring with you the materials listed in Attachment A.

Hereof fail not, *as you will answer your default under the pains and penalties in such cases made and provided.*

To any Select Committee staff member or U.S. Marshal *to serve and return.*

Given *under my hand, by order of the committee, this* 25 *day of* March, *in the year of our Lord one thousand nine hundred and* eighty-seven

Warren B. Rudman
Vice Chairman
Warren Rudman

[redacted]

UNITED STATES OF AMERICA

Congreſs of the United States

Notice of
Senate Deposition

To Shirley Napier

Greeting:

Please *take notice that at* 9:30 *o'clock* a.*m., on* March 30, *19* 87, *at* Hart Senate Office Building, 9th Floor *of the staff of the Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition of the Senate of the United States, will take your deposition on oral examination concerning what you may know relative to the subject matters under consideration by said Select Committee. The deposition will be taken before a notary public, or before some other officer authorized by local law to administer oaths; it will be taken pursuant to the Select Committee's rules, a copy of which are attached.*

Given *under my hand, by authority vested in me by the Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition on* March 25, *1987*

ATTACHMENT A

Shirley Napier

The respondent shall produce:

1. With regard to any activity undertaken by any corporation or partnership or association in which you have been an officer, director, partner or employee, all materials relating to:

a. the payment of and service provided of any employee or provider of any personal service, including consultants, advisors, accountants, bookkeepers, shippers, warehousers, travel agents, freight forwarders, attorneys, and tax preparers, including any list of such persons' names, addresses or phone numbers.

b. the provision of any communication services, including but not limited to telephone, long distance phone, mobile phone, pager, telex, or expedited mail services.

c. the incorporation, designation of officers or directors, stock issuance, stock transfers, capitalization, financing, or corporate acts of any corporation, its parent, affiliated corporation or subsidiaries, if any, foreign or domestic including any and all corporate resolutions.

d. tax records of any kind including income tax returns and supporting documents, filed with any department or agency of the United States, any State, or a foreign government.

e. accounting records showing the profitability, net worth, assets or liabilities.

f. the provision of any financial services, including but not limited to banking, pension, investment, lending, brokering, financing, bookkeeping, accounting or financial advising services, wherever located.

g. the receipt, transfer or transportation of currency or any cash equivalent of a value of more than $1,000.

h. any contract, agreement, or consultant arrangement involving, or any compensation from, any department division or agency of the United States, any State or political subdivision thereof, or any foreign government or subdivision thereof, whether executed or not, including those in which involvement was limited to consulting, advising, or discussing such event.

i. or consisting of appointment books, phone or other communication messages, phone number compilations or lists, diaries, calendars or contemporaneous records of daily activity such as time billings.

j. the acquisition by any person, transfer or transportation, whether by purchase, sale, lease, consignment or shipment, of:

1. any weapon or ammunition of any kind
2. any supply suitable for use in combat
3. any air, sea or ground transportation vehicle or vessel

including but not limited to materials relating to the sources and disposition of all financing and payments for such items.

k. travel within, to or from Iran, Israel, Switzerland, Panama, Bermuda, Liberia, Lichtenstein, Hong Kong, the Cayman Islands, Portugal, Denmark, Saudi Arabia, El Salvador, Costa Rica, Nicaragua, Honduras or Guatemala, by any officer, director, agent, employee, or provider or any personal services, including but not limited to consultants, advisors, or contractors.

l. any communication with any person or entity in any of the countries in (k) above, whether in writing, telecommunication, radio or otherwise, by any officer, director, agent, employee or provider of any personal service.

m. the purchase, sale, provision, transfer or transportation of any goods or services within, to or by any person or entity in any of the countries in (k) above.

2. With regard to any activity undertaken personally or as a consultant, independent contractor or in any other capacity, all materials required in (1) above.

3. All materials relating to any of the individuals or entities in Appendix A hereto.

4. All materials relating to any American citizen held hostage.

5. All materials relating to forces opposing the government of Nicaragua, including financial, military or other assistance to such forces, whether in Nicaragua or elsewhere.

The term "materials" in this subpoena includes any book, check, cancelled check, correspondence, communication, document, financial record, recording tape, or any other item which you own or in

Page Three

any way have in your custody or under your control or that of any agent of yours, dated, created on, or relating to any date since January 1, 1982.

For any questions regarding this subpoena, contact Mark Belnick at (202) 224-9960.

APPENDIX A

1. Any of the following persons:

Bermudez, Enrique
Calero, Adolfo
Calero, Mario
Cameron, Bruce
Conrad, Daniel L.
Chamorro, Pedro
Cooper, William J.
Clines, Thomas
Cruz, Arturo
Cruz, Arturo, Jr.
de Senarclens, Jean
Dutton, Robert
Fischer, David
Furmark, Roy
Gadd, Richard
Garnel, Jose
Ghorbanifar, Manucher
Gomez, Francis
Hakim, Albert
Hashemi, Cyrus
Hull, John
Kashoggi, Adnan
Kimche, David
Ledeen, Michael
Lilac, Robert
Lilac, Robert
McMahon, Steve
McFarlane, Robert
F. Andy Messing, Jr.
Montes, Oscar
Nimrodi, Yaacov
Nir, Amiram
North, Oliver L.
Poindexter, John
Quintero, Rafael
Robelo, Alfonso
Robles, Rodolfo
Rodriquez, Felix aka Max Gomez
Rose, Jose Bueso
Sacasa, Marrio
Sanchez, Aristides
Schwimmer, Adolph (Al)
Secord, Richard V.
Shackley, Theodore
Singlaub, John L.
Soghanalian, Sarkis
Sommeriba, Leonardo
Wilson, Edwin
von Marbod, Erich.
Zucker, Willard I.

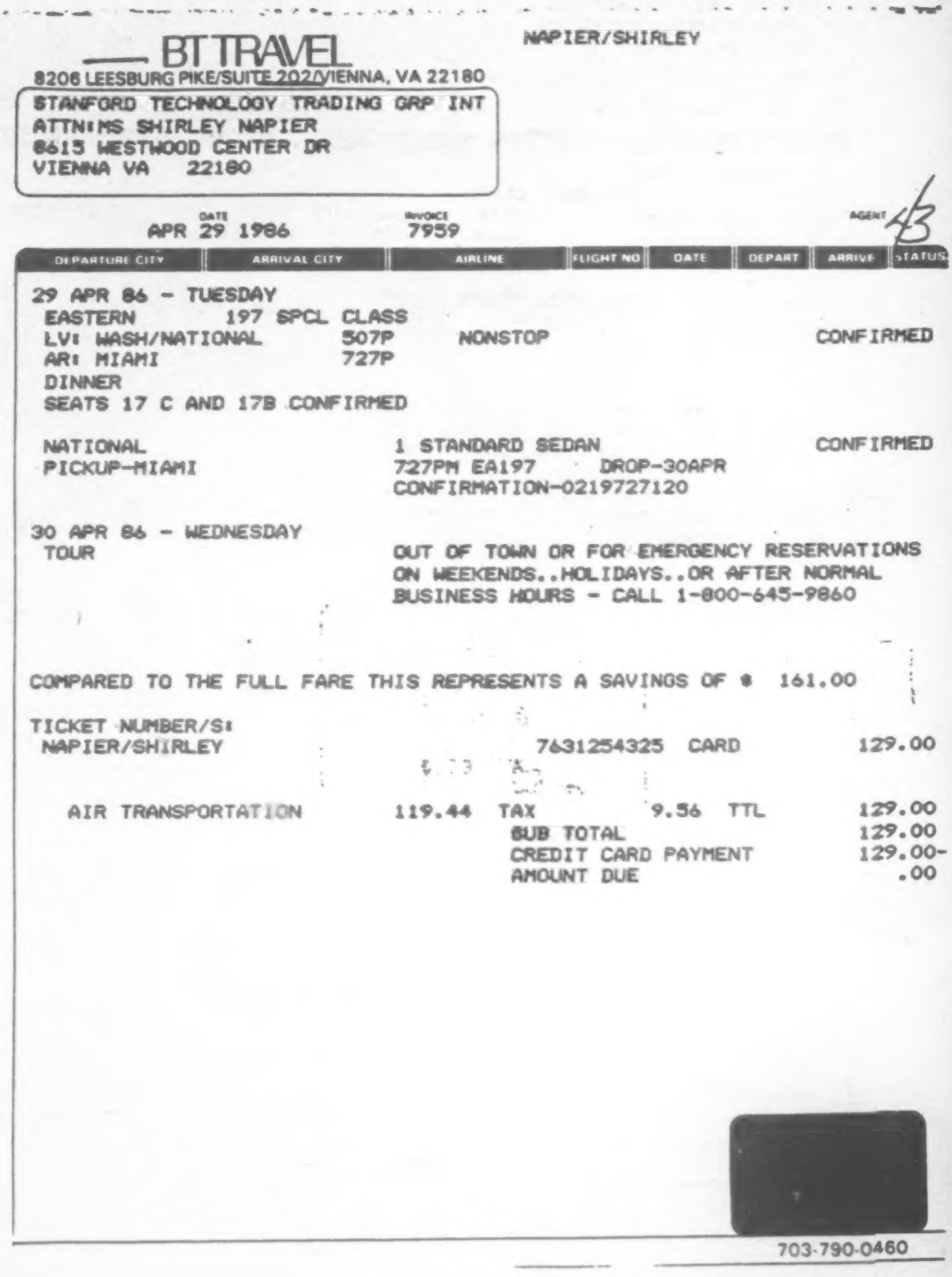
2. Any person employed by, acting as an agent for, or representing:

U. S. Air Force
Military Airlift Command
Central Intelligence Agency
National Security Council
President's Intelligence Oversight Board
Federal Aviation Administration
Geneva Commercial Registry
Military Reutilization and Material Supply Department, Portugal
National Armaments Directorate, Portugal
Nugen-Hand Bank, Australia
Overseas Defense Corp.
Department of Defense
Lloyd's of London
any agency, division, or department of the United States government with responsibility for foreign relations, for intelligence activities, or for manufacturing, storing, shipping, selling, transferring, monitoring, or accounting for any arms, munitions, or military personnel
any agency, division, or department of the government of,

any instrumentality of, or any national of, or person located in Iran, Israel, Switzerland, Panama, Bermuda, Liberia, Lichtenstein, the Cayman Islands, Portugal, Denmark, Saudi Arabia, El Salvador, Costa Rica, Nicaragua, Honduras, or Guatemala

3. Any of the following entities, or any entity whose name is as listed, but followed by Inc., Corp., Corporation, Ltd., Co., Company, or SA., doing business in any location whatever:
   ACE
   Airmach, Inc.
   Albon Values
   Alpha Serivces, S.A.
   Amalgamated Commercial Enterprises, Inc.
   American Marketing and Consulting, Inc.
   American National Management Corporation
   Baggett Transportation Company
   CSF
   CSF Investments Ltd.
   CSFR Inv. Ltd.
   Chester Co.
   Compagnie de Services Fiduciares SA
   Corporate Air Services, Inc.
   Dataguard International
   Defex - Portugal
   Dolmy Business, Inc.
   EAST Inc.
   EATSCO
   Eagle Aviation Services and Transportation
   Egyptian American Transport Services, Inc.
   Energy Resources International
   Fifteenth of September League
   Gulf Marketing Consultants
   Hyde Park Holdings
   Hyde Park Square Corporation
   I. B. C.
   IDEA
   Intercontinental Technology
   International Research and Trade
   Kisan
   Lake Resources Corp.
   Lake Resources, Inc.
   Lilac Associates
   Maule Air, Inc.
   Missurasata
   NRAF Inc.
   National Defense Council Foundation
   National Liberation Army
   N. S. I.
   Nicaraguan Democratic Force (FDN)
   Nicaraguan Democratic Union
   Nicaraguan Development Council

Nicaraguan Freedom Fund, Inc.
Nicaraguan Revolutionary Armed Forces (FARM)
Project Democracy
Queen Shipping
R. M. Equipment Co.
Revolutionary Democratic Alliance (ARDE)
S & S Trading Corp.
SOME Aviation
Secord Associates
Southern Air Transport, Inc.
Southern Bloc Opposition (BOS)
Stanford Technology, Inc.
Stanford Technology Trading, Inc
Stanford Technology Trading Associates, Inc.
Systems Services International
Trans World Arms Inc.
Udall Corporation
Udall Research Corporation
Udall Resources, Inc., S.A.
United Nicaraguan Opposition (UNO)



NAPIER/SHIRLEY

BT TRAVEL
8206 LEESBURG PIKE/SUITE 202/VIENNA, VA 22180

STANFORD TECHNOLOGY TRADING GRP INT
ATTN: MS SHIRLEY NAPIER
8615 WESTWOOD CENTER DR
VIENNA VA 22180

DATE APR 29 1986
INVOICE 7959
AGENT 43

DEPARTURE CITY | ARRIVAL CITY | AIRLINE | FLIGHT NO | DATE | DEPART | ARRIVE | STATUS

29 APR 86 - TUESDAY
EASTERN 197 SPCL CLASS
LV: WASH/NATIONAL 507P NONSTOP CONFIRMED
AR: MIAMI 727P
DINNER
SEATS 17 C AND 17B CONFIRMED

NATIONAL 1 STANDARD SEDAN CONFIRMED
PICKUP-MIAMI 727PM EA197 DROP-30APR
CONFIRMATION-0219727120

30 APR 86 - WEDNESDAY
TOUR OUT OF TOWN OR FOR EMERGENCY RESERVATIONS
ON WEEKENDS..HOLIDAYS..OR AFTER NORMAL
BUSINESS HOURS - CALL 1-800-645-9860

COMPARED TO THE FULL FARE THIS REPRESENTS A SAVINGS OF $ 161.00

TICKET NUMBER/S:
NAPIER/SHIRLEY 7631254325 CARD 129.00

AIR TRANSPORTATION 119.44 TAX 9.56 TTL 129.00
SUB TOTAL 129.00
CREDIT CARD PAYMENT 129.00-
AMOUNT DUE .00

[redacted]

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF BARBARA NEWINGTON

Washington, D. C.
Tuesday, May 12, 1987

Deposition of BARBARA NEWINGTON, called for examination pursuant to notice of deposition, at the offices of the Senate Select Committee, Suite 901, Hart Senate Office Building, at 10:02 a.m. before KAREN ILSEMANN, a Notary Public within and for the District of Columbia, when were present:

W. THOMAS McGOUGH, JR., ESQ.
Associate Counsel
United State Senate Select
Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition

THOMAS FRYMAN, ESQ.
KENNETH BUCK, ESQ.
Staff Counsel
United States House of
Representatives Select
Committee to Investigate
Covert Arms Transactions
With Iran

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-- continued --

tially Declassified/Released on Dec 21, 1987
under provisions of E.O. 12356
by D. Sirko, National Security Council

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APPEARANCES (Continued):

RICHARD A. HORGAN, ESQ.
JOHN B. REARDEN, JR., ESQ.
Winthrop, Stimson, Putnam
& Roberts
460 Summer Street
Stamford, Connecticut 06901
On behalf of the Deponent.

ALSO PRESENT:

VICTOR ZANGLA
Associate Staff Member
United States House of
Representatives Select
Committee to Investigate
Covert Arms Transactions
With Iran

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PROCEEDINGS

MR. HORGAN: For the record, Mrs. Barbara Newington is appearing here today pursuant to the House Select Committee's subpoena dated February 24, 1987 and Judge Robinson's immunity order No. 87-0158 dated May 4, 1987, and pursuant to Senate Select Committee dated March 23, 1987 and Judge Robinson's immunity order No. 87-163 dated May 5, 1987.

You may proceed.

MR. MC GOUGH: Thank you.

Mrs. Newington, good morning. My name is Tom McGough. We are going to swear you in a moment, but first let me explain who we are sitting here at the table.

As you know, there is a joint investigation being conducted by a Senate Select Committee and a House Select Committee. I am Associate Counsel with the Senate Select Committee.

Seated to my right is Mr. Thomas Fryman, Mr. Vic Zangla, and Mr. Ken Buck, all of whom are in various capacities with the House Select Committee. We are taking the deposition jointly to spare you making another trip to Washington, as has been our practice so far.

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I will be asking most of the questions. If at any point you have any questions or don't understand a question that I direct to you, just stop me and I will be glad to try to clarify it for you.

Your counsel has provided to us the records I have here, pursuant to the subpoena. If you feel there is a record or something that might refresh your recollection, feel free to ask me and we'll try to dig it out and let you take a look at it.

With that in mind, why don't we swear the witness and go from there?

Whereupon,

BARBARA NEWINGTON

was called as a witness and, having first been duly sworn by the notary public, was examined and testified as follows:

EXAMINATION

BY MR. MC GOUGH:

Q Mrs. Newington, let me start by asking you just some general background questions.

What is your present home address?

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A [redacted] Greenwich, Connecticut.

Q And how long have you resided at that address?

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A Thirty-three or four years.

Q Do you have an office address or any other principal residence?

A No.

Q Are you employed in any remunerative capacity at this point?

A No.

Q I understand that you are a widow.

A Yes.

Q What was your husband's name?

A John Newington.

Q When did he pass away?

A In 1979.

Q I believe counsel has produced copies for us, copies of tax returns for 1984 and 1985 that reflect a scial security number of [redacted]

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Is that, as best you recollect, your social security number?

A That's correct.

Q We are here to discuss contributions that were made to various organizations affiliated with a man named Carl "Spitz" Channell and certain other people that worked

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with or about him.

Let me go about back a little bit, however, and ask you initially about an organization called Western Goals and how you first became affiliated or aware of that organization. So let's start at the beginning of your connection with Western Goals.

A This was about 1978 when it was formed. My husband formed it with Congressman Lawrence MacDonald. That's when it began.

Q At the time it was formed, did your husband have any official capacity or title with Western Goals?

A No

Q Did there come a time when you took on an official capacity?

A Only as a member of the Advisory Board.

Q When did you become a member of the Advisory Board?

A In 1979.

Q Are you still affiliated or on the Advisory Board of Western Goals?

A No.

Q When did you step down or sever your connection

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with that organization?

A When the Congressman died in the air crash, Western Goals just fell apart, so that I was supporting it for a couple of years just to keep it going. And then when Mr. Channell came into the picture, he showed interest in taking it over as we were looking for a leader to carry it on, and so he took it over in about 1985.

Q Did you continue your affiliation with Western Goals after Mr. Channell took it over?

A Just for about a year; yes.

Q So I'm just trying to count a year ahead. Can we say that you severed ties or moved away from Western Goals sometime in 1986?

A Yes.

Q What did you understand the purpose of Western Goals to be?

A It was to promote and further the principles of democracy and to strengthen and to rebuild these principles so that totalitarianism would be impossible in this country.

Q Am I correct in saying that Western Goals was a tax-exempt organization?

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A That's correct.

Q Can you give me an example of some of the projects that Western Goals did in the course of its existence?

A It published pamphlets on the subject of the Constitution and documentaries on terrorism ~~[illegible]~~. Anything that would get it before the public's eye, media and so forth.

Q Can you give me an estimate of what Western Goals' annual budget was?

A It was probably around $90,000 a year.

Q Did you support Western Goals financially?

A Yes. Not solely, but a substantial contributor; yes.

Q Did you continue that financial support after Mr. Channell took over Western Goals?

A In a very minor way.

Q Can you tell me when you first met Mr. Channell?

A Around February of 1985.

Q And in what context did you meet him?

A I had been familiar with his organization and he had heard of me, I guess, through Western Goals and asked me to have an appointment to meet him in New York City.

Q Had he at that time assumed control of Western

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Goals?

A No.

Q You said that you had been familiar with his organization.

Which organization did you associate him with?

A The American Conservative Trust.

Q How did you become familiar with American Conservative Trust?

A Former years, during the time my husband was alive, we contributed to congressional races, conservative congressional races through their organization.

Q So you had made contributions to ACT before you had personally met Mr. Channell?

A Yes.

Q Who requested the meeting with Mr. Channell initially? Did he suggest it to you, or did you suggest it to him?

A He arranged it. He called me and made the date.

Q And did you in fact meet with him?

A Yes.

Q And where did that meeting take place?

A At the Plaza in New York City.

Q As you recollect, that was in February of 1985?

A That's correct.

Q Was anyone else with Mr. Channell at that time at that meeting?

A (Nods in the negative.)

Q I guess you answered no to that answer.

If you can recall at that first meeting, did Mr. Channell describe to you the organizations with which he was then affiliated?

A No.

Q What did you discuss at that meeting?

A More about Congressman MacDonald and his books and so forth, and what his organizations were trying to accomplish.

Q By his organizations, do you mean Congressman MacDonald's organizations?

A Yes.

Q Did you talk about Western Goals?

A Yes.

Q Did you discuss with Mr. Channell the prospect of his assuming some position with Western Goals?

A Yes. Not at that particular meeting, but later.

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Q Did Mr. Channell describe for you any of the organizations that he was then associated with, whether it be ACT or --

A Not in any great length; no.

Q Did he solicit any financial contributions from you at that lunch?

A No.

Q Did there come a time when Mr. Channell did in fact solicit money from you?

A Yes.

Q Can you put it any time frame after your February meeting with him?

A It's hard to say just from follow-up sequence, but fairly shortly after that.

Q Can you give me an idea when in 1985 Mr. Channell assumed control of Western Goals?

A It was late 1985.

Q So that he began to solicit money from you or contributions from you prior to the time that he actually took a role with Western Goals?

A Yes.

Q What he solicit money for? What did he ask you to contribute money to?

MR. HORGAN: At the outset?

MR. MC GOUGH: Yes, at the outset.

BY MR. MC GOUGH:

Q I am trying to get an idea of how the relationship evolved, and I'm interested in the early phase at this point.

A He was interested in putting ads in the newspapers, and television spots, in support of the Nicaraguan situation.

Q Did he talk to you about where these ads would be aired?

A Yes, from time to time.

Q What did he say about that?

A Washington newspapers, New York newspapers, Chicago.

Q For what organization was he soliciting contributions?

A It was never clear until he asked me to make a check out to so-and-so. I never particularly knew which organization was which.

Q In going through your records, you ultimately made checks out to a number of his organizations, including one called ACTSEF, American Conservative Trust State Election Fund; later Sentinel; and still later ATAC which is Anti-Terrorism American Committee; and also a number of checks made out, or contributions made to the National Endowment for the Preservation of Liberty, NEPL.

What did you understand, if anything, about the differences among the various organizations Mr. Channell solicited for?

A I understood very little about them.

Q Did you view them essentially as interchangeable?

A Yes. And I didn't question him.

Q In this early phase -- let me put a finite point on it -- did there come a time when you began to have contact with people at the National Endowment for Preservation of Liberty, NEPL, other than Mr. Channell?

A No.

Q Were you ever solicited by a man by the name of Chris Smith?

A Yes.

Q Can you tell me how you came into contact with Mr. Smith?

A He was perhaps the first contact to Channell's organizations early on, and he was the one who solicited for the conservative races in the very, very beginning.

Q Now, you say "solicited for the conservative races." What do you mean by that?

A Well, in support of the conservative congressional races.

Q Do you associate Mr. Smith with any particular organization operated or affiliated with Mr. Channel, or do you just view him as part of the pool or organizations that he had?

MR. HORGAN: And this is your understanding at the time.

THE WITNESS: Yes.

It wasn't clear at all what he was representing.

MR. HORGAN:

BY MR. MC GOUGH:

Q But you knew that he worked for Mr. Channell?

A Yes.

Q And you also knew that he was soliciting money for political races, congressional races?

A Yes.

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Q Do you recall which, if any, of the organizations Mr. Smith told you to make your contributions to?

A It's hard to recall.

Q If you don't recall, that's understandable.

A Yeah. There were so many different ones.

Q Other than Mr. Channell and Mr. Smith, did anyone else associated with Mr. Channell solicit contributions from you

A No.

Q Did you have contact with anyone else at Mr. Channell's organizations?

Let me give you a few names and see if it's helpful at all. Mr. Daniel Conrad.

A Yes, later on.

Q That was later?

A (Nods in the affirmative.)

Q I imagine you did have contact with Linda Guell through Western Goals.

A Yes, that's right.

Q Did you have contact with James McLaughlin?

A No.

Q Did you have contact with Chris Littledale?

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A No.

Q There came a time in June of 1985 when you made a trip to Washington, D.C. at the invitation of the National Endowment for the Preservation of Liberty; is that right?

A That's correct.

Q Let me show you what we can mark as Deposition Exhibit No. 1, a document produced by you. And it appears to be a bill or an invoice from the Hay-Adams Hotel, noting arrival and departure on June 25th -- I'm sorry; arrival on June 25, 1985 and departure on June 26th.

(Deposition Exhibit No. 1 identified.)

(Document handed to the witness.)

MR. MC GOUGH: That's probably a better copy than your counsel has, so why don't work from that?

BY MR. MC GOUGH:

Q Was that, in fact, the trip that we were discussing?

A Yes.

Q Can you tell me how that trip came about, who invited you, and what the purpose was?

A Yes. Mr. Channell thought he had arranged a visit with the President and a briefing with Oliver North.

Q What happened when you did in fact arrive in Washington, as best you can remember that?

A I was met by Mr. Channell at the Hay-Adams and he took me over to the briefing, to the White House.

Q And what occurred at the briefing or at the White House?

A I met Oliver North in the National Security Council offices and he produced charts and slides and films of what was going on in Nicaragua, and just explained the situation and their needs.

Q What did you understand the purpose to be? Why were they briefing you on this?

A I really don't know why. I wasn't even thinking about that at the moment.

Q Did you know why Mr. Channell invited you to Washington?

A Just because he wanted me to be more alert as to what was happening.

Q Had he, up to that point, solicited contributions for support of either television ads or --

A Yes, up to that point.

Q For Nicaragua?

A For Nicaragua.

Q Had he solicited direct contributions to the contras, the Nicaraguan Democratic Resistance, at that point?

A No.

Q So up the point of this White House meeting, as far as Nicaragua was concerned, the only contributions he had solicited were for television advertisements.

A That's correct.

Q Now, you met with Colonel North in the National Security Council offices. Was anyone else present while you were meeting with Colonel North?

A Mr. Miller and Mr. Channell.

Q Did they actually sit in on the briefing that Colonel North gave you?

A Yes.

Q Was this done in Colonel North's own office, as best you can tell, or was it done in a conference room?

A In a conference room.

Q Did Colonel North show any displays, any maps, slides, lists, anything like that?

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A Yes.

Q What did he show you?

A He showed where the airstrips were and the general problems of the soldiers and so forth.

Q Did he discuss the needs of the Nicaraguan resistance at that point?

A Yes, he did.

Q What did he tell you that they needed?

A They needed equipment and food and weapons and everything to keep them going.

Q Did Colonel North solicit a contribution or ask you to help supply --

A No.

MR. HORGAN: Let him finish his question. He has a time frame in mind.

BY MR. MC GOUGH:

Q At this meeting, did he solicit you or otherwise ask you to help fulfill the needs of the Nicaraguan Resistance?

A No.

Q Did he make any references, either direct or indirect to Mr. Channell's ability to solicit contributions

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for those purposes and provide them to the Nicaraguan Resistance?

A No.

Q Did he mention Mr. Channell's role at all?

A No.

Q Do you recall -- you mentioned weapons as being one of the items he discussed at that briefing.

Do you recall any specific kinds of weapons being discussed?

A No.

Q Do you recall whether he discussed specific prices for weapons?

A No.

Q Up until that point, had you met Colonel North before?

A No.

Q Up until that point, had you met Mr. Miller before?

A No.

Q Was Mr. Miller there when you arrived that morning in Washington?

A I believe so.

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Q What did you understand Mr. Miller's role or assignment to be?

A I didn't know what it was at that time.

Q Do you recall how he was introduced to you? That is, what his affiliation was?

A No. Just by name.

Q Do you recall any mention of International Business Communications or IBC at that time?

A No.

Q Up until that meeting, had you ever met Ronald Reagan?

A Yes.

Q On how many occasions or on what occasion?

A Well, it went back to 1964. And he came to Greenwich and my husband and I met him at a private party given for him. And that's the only time I previously actually met him, but we had correspondence, letters and so forth.

Q Am I correct that one of the purposes of your trip to Washington in June 1985 was perhaps to meet Mr. Reagan, or was it just for the briefing with Colonel North?

A It definitely was for the briefing and a

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possibility of meeting with the President.

Q What happened after the briefing? You left the White House at that point?

A Yes.

Q While at the White House or in the National Security Office, did you meet any other government official?

A No.

Q Not John Poindexter or Robert McFarlane or any other representative of the government?

A No.

Q Where did you go after you left the briefing?

A Came back to the hotel and subsequently had dinner at the hotel.

Q Who was present at dinner?

A Mr. Miller and Mr. Channell. I'm not sure about Mr. Conrad, whether he was there or not. It's possible that he was.

Q Was the dinner held in a private room or was it out in the restaurant?

A In the restaurant.

Q What did you discuss at dinner, if you can recall?

A More about the Nicaraguan situation -- if I could

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help in some way.

Q Did they ask you to contribute to the cause of the Nicaraguan Resistance?

A Not specifically that way, but generally.

Q Can you recall how they put it generally, or give me an idea how they put it generally?

A I really can't remember any particular questioning or asking me. It was just more to clue me in to the needs again. I just assumed that I knew what they wanted, but they really didn't come out and say, I want so much money for this or that.

Q I see. But they would refer back to the briefing that Colonel North gave you?

A That's right.

Q And you said you knew what they wanted, and what they wanted were contributions; is that right?

A That's correct.

Q Did you discuss, or did they discuss or even imply what the contributions would be used for?

A Not at that time.

Q Who actually was doing the soliciting? You've got Mr. Miller and Mr. Channel there. Can you break it down as

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between them at all?

A Not particularly.

MR. HORGAN: Excuse me.

(Counsel confers with witness.)

THE WITNESS: May I clarify my answer?

BY MR. MC GOUGH:

Q Sure.

A Mr. Channell was the main solicitor, always.

Q Do you recall being solicited at all by Mr. Miller?

A No.

Q But he was present at this dinner when Mr. Channell was soliciting?

A Yes.

Q By the time that you had arrived at this dinner, had it become apparent that you were not going to be able to meet with Mr. Reagan on your trip to Washington? Or what was the status of that at that point?

A No. There was a possibility that I would the next day.

Q In your discussions with Mr. Channell and Mr. Miller about the needs of the contras, did they discuss military needs as well as non-military needs?

A Very little about the military needs to me. It was more humanitarian.

Q You say very little. Do you have a specific recollection of them discussing any military needs?

A Only that they needed weapons, but it was mainly uniforms and food and equipment.

Q And you say that they did not really solicit your support directly for any particular type of assistance to the contras at that time?

A Not at that time.

Q But you understood that they were soliciting contributions from you.

A Well, you sensed that.

Q Did you sense or understand what they intended to do with any contribution that you might give? Again, we're talking about the June 1985 meeting.

A Not at that time.

Q Did you meet with anyone else that evening? Again, this is the same evening that you had the briefing with Colonel North.

A Yes.

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Q And who else was there? Who else came there, I should say.

A Mr. Fischer and Mr. Channell and Mr. Miller came later that evening.

Q Was that in the restaurant again, or where did that happen?

A No. That was in the suite.

Q And Mr. Fischer -- what was his -- how was he described to you? What were you told about what he did?

A I really was not told anything about him -- he was just there -- and that he would inform me of the protocol in a meeting with the President.

Q And what did he tell you about the protocol?

A Just that you would be ushered in and you would be ushered out. Very little. It would be brief. That's all.

Q Did either Mr. Channell or Mr. Miller tell you what to discuss with the President or what not to discuss with the President?

A No.

Q Did they attempt to limit in any way anything you might say to Mr. Reagan?

A No.

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Q Did they try to give you suggestions about things you might say to him?

A No.

Q The next day, were there any other events, significant events, that you can remember on that day, the day that you were briefed by Colonel North? Anyone else you met or anyone else who imparted any information about the Nicaraguan Resistance?

A No.

Q What happened the next day?

A There is some emergency that arose that morning in the White House, and I'm not clear as to what it was. But the President was not able to meet with me.

Q Did you go over to the White House to wait?

A No. It was very clear that morning that it was not to be.

Q Did you meet with anyone that morning or that day?

A Only Mr. Channell again.

Q Did you see Mr. Miller that day, if you recall?

A No.

Q How about Colonel North?

A No.

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Q Did Mr. Fischer come back again by any chance?

A No.

Q In leading up to this meeting with the President, or this proposed meeting with the President, was it ever suggested to you by anyone that a contribution in a certain amount or a contribution of a certain size might enable you to meet with the President?

A No.

Q Was there any direct connection drawn between any contribution you might make or did make and the meeting with President Reagan?

A No.

Q Was that ever -- I don't want to say "implied, but was there ever an indirect indication to you that that in fact was the case?

A No.

Q Did you ever have a discussion like that, or was that information ever imparted to you at any time after the June meeting? Did you ever understand there to be a relationship between your contributions and any meeting with Ronald Reagan?

A No.

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Q Do you recall any specifics of your discussion with Mr. Channell on the next day? That would have been June 26, 1985.

A No, because we left shortly. We went to some art galleries and we went home.

Q Do you recall again being solicited for contributions on that day?

A No.

Q Am I correct that by the time you had this meeting in Washington, D.C., you had made a series of contributions to the American Conservative -- what's called ACSEF -- American Conservative State Election Fund or to NEPL. By that time you had already been making contributions to them?

A Yes.

Q Can we agree that after this trip to Washington, you made additional contributions in the next couple of months to the National Endowment for the Preservation of Liberty?

A I don't know whether it was in the next couple of months or not.

Q Did you come away from the meeting in Washington with an intention to make contributions to support the

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Nicaraguan opposition?

A I made no commitments outwardly, but to myself I did.

Q When was the next time someone attempted to obtain a contribution for that purpose?

A There again, I really don't know how -- the time span -- but I did contribute later on.

Q This is a point of general reference in looking through the records supplied by counsel. Your contributions seem to be periodic ones; every month or every couple of months you would make a contribution to one of Mr. Channell's organizations.

As a general matter, were those contributions made in response to specific appeals or were those made on the basis of every now and then you would find a way to make a contribution to them, whether they asked for it or not?

A No. They were usually for particularly things, lobbying efforts.

Q So they would call you up or write you a letter and say we need a contribution for such and such, and you would then essentially target your contribution to that?

A That's right.

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(Counsel confers with witness.)

THE WITNESS: May I clarify that?

BY MR. MC GOUGH:

Q Sure. Absolutely.

A All solicitations were made by phone. No letters.

MR. HORGAN: We are not aware of any letters, and your question included both.

MR. MC GOUGH: That's fine. Just for the record, we have seen a lot of letters, and I wasn't attempting to indicate that there were letters. I was just trying to be a little more generic.

BY MR. MC GOUGH:

Q Can you recall the first contribution you made with the intent of providing direct support to the Nicaraguan opposition?

A Are you asking for the time or --

Q I'm just asking if you recall the context in which it was made.

A Only through another call from Mr. Channell, or if a specific thing was needed.

Q Do you recall what the specific thing that was needed was?

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A At one time it was to repair an airstrip. At another time it was for a reconnaissance plane.

Q Do you ever recall Mr. Channell specifically requesting funds for military equipment or weapons?

A No.

Q Did he ever request funds that weren't targeted to any particular need of the contras? That is, you've mentioned an airstrip and you've mentioned a reconnaissance plane.

Did he ever ask for funds for the general support of the contras?

A No.

MR. HORGAN: Excuse me one moment.

(Counsel and the witness confer.)

THE WITNESS: I need to clarify my answer, please.

BY MR. MC GOUGH:

Q Sure.

A In between specifics, there were generalities for I never knew exactly what, whether they were for ads. Again, it was all pertaining to the Nicaraguan situation.

Q And you say whether they were for ads. They also might have been just for general financial support directly to the contras as you understood it?

A I guess so; yes.

Q Did you ever indicate to Mr. Channell that you would have an objection to your contributions being used for military assistance? Did you ever tell him do not -- or ensure that my contributions are not used for that?

A No. But it never occurred to me that they would be used for that.

Q There came a time in November of 1985, I believe November 7, when you again traveled to Washington. I believe at that time you did in fact meet Mr. Reagan. Am I right in that?

A That's right.

Q Did you make any trips that you can recall to Washington between June of 1985 when you did not get to see Mr. Reagan and November 7 of 1985 when you did?

A No.

Q To the best of your recollection, did Mr. Channell visit you at your home in Connecticut in that period of time?

A I know he visited my home, but don't ask me just when.

Q How did the meeting with the President on November 7th come about? How did the invitation come to you and how was it explained to you?

A Again on the telephone. He told me of having arranged the meeting and the date, the time that I should be there.

Q Did he explain what the purpose of the meeting was or how it came about?

A Just to be thanked by the President.

Q Did he say thanked for what?

A He didn't.

MR. MC GOUGH: Let's mark this as Deposition Exhibit No. 2, which is a letter again from your documents, dated October 10, 1985 from Mr. Reagan.

(Deposition Exhibit No. 2 identified.)

BY MR. MC GOUGH:

Q Do you recall receiving this letter?

A Yes, I do.

Q Do you know why you received the letter? It is an obviously an expression of gratitude. Do you associate this letter with any particular effort or action on your part?

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A No.

Q Were you surprised to receive the letter?

A Yes.

Q Had Mr. Channell indicated to you prior to receiving this letter, that you might receive it?

A No.

Q Did you make any connection in your own mind between Mr. Channell and the letter of October 10?

A No.

Q Did you make any connection in your own mind between your contributions to NEPL or Mr. Channell's organizations and the letter of October 10?

A No, not at that time.

Q Could you tell me what happened when you traveled to Washington on November 7th?

(Deposition Exhibit No. 3 identified.)

BY MR. MC GOUGH:

Q And so you have it in front of you, let's mark this as Exhibit 3. It's a page from your appointment book, which is the basis for my November 7th statement. I hope it is correct. A page from November 1985 with the word

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"Washington" written across November 7th. Is that right?

A Yes, it's right.

Q To the best of your recollection, is that in fact when your meeting with President Reagan took place?

A Yes.

Q On November 7, 1985?

A Yes.

Q Can you tell me what happened when you traveled to Washington? Who met you? Let's start there.

A I believe it was Mr. Channell who met me again.

Q And did he meet you at the airport?

A No, at the hotel.

Q Let me back up for one moment.

The expenses for your trip to the Hay-Adams Hotel in June of 1985 -- were you reimbursed for those or did you pay those out of your own pocket?

A I had some members of my family with me and I paid for those. Mr. Channell paid for me.

Q All right.

And on the trip on November 7, 1985, did you travel alone at that point?

A In November?

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Q In November. The November trip?

A Yes.

MR. HORGAN: Can you repeat the question? Was she traveling alone?

MR. MC GOUGH: My question is in specific regard to the November 1985 trip, was she traveling alone?

THE WITNESS: Yes, I was.

MR. HORGAN: Let me assist the witness in terms of her recollection.

(Counsel and witness confer.)

THE WITNESS: My driver brought me down.

BY MR. MC GOUGH:

Q So you drove down to Washington.

A And the driver's wife; yes.

Q Did you again check into the Hay-Adams Hotel?

A Yes.

Q What happened that day after Mr. Channell met you

A It was in the afternoon, and I was taken over to the White House and ushered into the West Gate waiting room and waited. And Mr. Buchanan came to usher me into the Oval Office.

Q Did Mr. Channell accompany you over to the White

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House?

A I'm not sure whether he accompanied me or he was there waiting for me. I'm vague on that, but he was there.

Q Was anyone else with Mr. Channell? Was Mr. Miller there or Mr. Fischer?

A No.

Q So you were met by Mr. Buchanan. And what happened at that point?

A He shook my hand and said he was glad to meet me. We had to wait a while, and then I was taken in to see the President.

Q Can you tell me what you recollect about your meeting with the President?

A It was very brief. There were photographers around. We just stood shaking hands and exchanging thank-you's. And I remember more what I said to him than what he said to me.

I said to him that I thought he had brought God back into the White House. And he said, "I've been talking to him a lot lately and I intend to take him to the summit with me."

Then I felt that he really had nothing more to say and so I went out, and didn't wait to be ushered out, which was not right.

Q Did the subject of Central America or Nicaragua come up at all?

A No.

Q Did President Reagan acknowledge in any way -- did he say thank you, or thank you for your efforts on behalf of something, or make any statements like that?

A No.

Q What happened after you left President Reagan?

A Went back to the hotel --

Q Let me stop you there.

While you were at the White House, did you see any other government officials? Did you see Colonel North or anyone other than Pat Buchanan?

A No, not at that time.

Q What happened after you went back -- you went back to the hotel with Mr. Channell?

A Yes.

Q What happened when you went back to the hotel?

A May I speak to counsel for a minute, please?

Q Sure.

(Counsel and witness confer.)

THE WITNESS: Going back to your question, I'm not sure whether it was this visit or another one, but there was a point when I saw his offices.

BY MR. MC GOUGH:

Q Mr. Channell's offices?

A Mr. Channell's offices. And he took me over to the man who created the ads and so forth, Mr. Goodman, and I met him briefly. And it may have been at that time -- I'm not absolutely certain.

Q The offices that you visited, were they up on Capitol Hill in a townhouse, or were they down on Pennsylvania Avenue in an office building?

A No, they were in a townhouse.

Q While you visited his offices, did you meet anyone else at this organization if you can recall?

A Only his secretary.

Q Was that Angie?

A Angie.

Q Setting aside that trip to the townhouse and the Goodman incident, after you left the White House with Mr. Channel, I believe you said, eventually you got back to the hotel.

Did you dine with him at that point or discuss anything with him?

A We had dinner.

Q Was anyone else present at dinner?

A I believe Dan Conrad. I believe that's all. Just Dan, Mr. Channell, and myself.

Q Do you recall anything that was discussed at that time?

A Nothing specific.

MR. HORGAN: Excuse me one moment.

(Counsel and witness confer.)

THE WITNESS: To clarify that, I think Mr. Miller was present, too. I'm never quite sure. He drifted in and out. I'm never quite sure whether he's with us or not.

BY MR. MC GOUGH:

Q Did you ever come to an understanding as to what Mr. Miller's role was?

A I never knew what his role was at that time.

Q You say you never knew at that time. Other than the publicity that's come out in recent months, did you ever in your relationship with Mr. Channel understand what his

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role was?

A When I read it in the paper.

Q At that dinner, was one of the topics of discussion the needs of the Resistance fighters in Nicaragua?

A Would you repeat that again?

Q Sure.

At the dinner with Mr. Conrad and Mr. Channell and perhaps Mr. Miller, did you or they discuss the needs of the contras, the Nicaraguan Democratic Resistance?

A Yes. I'm sure we touched on it.

Q Do you recall any specifics of that conversation?

A No.

Q Did you recall being solicited for a contribution or contributions at that dinner?

A Not right at the dinner.

Q Were you solicited shortly after the dinner?

A I'm sure; another phone call.

Q Do you recall at that dinner -- let's go back to the dinner -- any specific needs of the contras being mentioned?

A I'm not sure whether it was at that time that they

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mentioned the plane. I don't believe there were any specifics.

Q Did you stay in Washington overnight or did you return that evening?

A Stayed overnight.

Q Did you meet with anyone the next day?

A There was a breakfast with Colonel North. I'm not sure whether it was that meeting or the next one. But anyway, it was a very brief breakfast.

Q What was discussed at that breakfast, if you recall?

A He was telling me how they found their home in Virginia and telling me about his wife and children.

Q Was Mr. Channell present at that breakfast as well?

A Yes.

Q How about Mr. Miller, if you recall?

A Not Mr. Miller. I think it was Mr. Conrad.

Q Did Colonel North discuss the needs or the position of the contras at that breakfast?

A No.

Q Did Colonel North solicit any contributions at

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that breakfast?

A No.

Q As best you can recall, did Mr. Channell -- did anyone at that breakfast discuss Central America, Nicaragua, or the needs of the contras?

A No.

Q Did anyone solicit any contributions at that breakfast?

A No.

Q What is the next contact after that breakfast? Did you return to Connecticut, or were there any other events that day that you remember?

A No. I went right home.

Q What was the next contact you recall receiving from Mr. Channel or his organizations?

A What? Requests?

Q Yes. Any requests, any telephone calls, any meetings with Mr. Channell? The next contact you might have had.

A It could have been a visit up to Greenwich, showing me ads for the newspapers again. It's all so confusing.

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Q All right. You continued after your meeting with President Reagan, did you not, to make contributions to NEPL?

A Yes.

Q And in November and December of 1985, you made very sizable donations of stock to NEPL; do you recall that?

A Yes.

Q Each of them was in the amount of approximately $500,000 and totaled over a million dollars. Is that right?

A Yes.

Q Do you recall what those contributions were for?

A I think that was for the plane and the airstrip.

Q Do you recall how the plane and the airstrip first came to your attention?

A I think it was mentioned at the briefing, but not specifically till later on.

Q Do you remember who specifically brought it back up again?

A Mr. Channell.

Q Do you remember at what meeting or in what context he brought it back up again?

A That was another phone call.

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Q Just for point of clarification, when you refer to the briefing, you refer to Colonel North's briefing in June?

A Yes.

Q You say you believe it was a phone call in which Mr. Channell resurrected the airstrip and the spotter plane again?

A Yes.

Q Did he talk in terms of specific amounts necessary to repair the airstrip or buy the spotter plane?

A Yes. But I don't remember the amounts at this point.

Q Do you remember whether your contributions were going to be enough, too much, or not enough? Were you going to be the one solely repairing the airstrip, or were other people needed as well?

A No. I think the plane was me, but the airstrip was just a part of it.

Q Do you recall any discussion of where the airstrip was located?

A No.

Q Do you recall the country in which it was located?

A No.

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Q Do you know whether it was located on what has become known as the northern or the southern front?

A I really don't know.

Q Are you now, or were you then at all familiar with the distinction between the northern front and the southern front in Nicaragua?

A No.

Q Do you recall if Mr. Miller was present at the breakfast you had with Colonel North?

A No.

Q You don't recall, or he was not present?

A He was not there.

Q Was Colonel North present at the dinner the night before with Mr. Channell?

A No.

Q So that the only time you recall meeting Colonel North on that trip to Washington was at the breakfast the next morning?

A That's correct.

MR. HORGAN: Tom, let me see if I can clarify chronology perhaps.

(Counsel and the witness confer.)

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THE WITNESS: To clarify, there was a meeting after dinner in my suite with Colonel North.

BY MR. MC GOUGH:

Q Oh, that's where I got off the track.

All right. Tell me about the meeting in the suite after dinner.

A He came to bring me a gift from the President that I dashed out and didn't receive when I was there, and also to talk more about the needs of the contras.

Q Can you tell me, first of all, what was the gift?

A The gift was a glass plaque. On one side of it it read, etched in the President's handwriting: "There is no limits to what a man can do or where he can go if he does not care who gets the credit."

Q And what do you recall about Colonel North's discussions at that evening meeting?

A Just more about the contra situation. He wanted to know about my meeting.

Q He asked you about your meeting with President Reagan?

A Yes.

Q And did he discuss, if you recall, did he discuss

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the airstrip and/or the spotter plane --

A No.

Q -- at that meeting?

Did he discuss the needs of the contras?

A Yes.

Q And what types of needs did he describe at that meeting?

A More of the same. Food and equipment and weapons.

MR. HORGAN: Excuse me one moment.

(Counsel and witness confer.)

THE WITNESS: Clarifying this answer, he did bring out a map to show the situation in Nicaragua and most likely -- it's just not clear to me -- but most likely he did speak about the airstrip.

BY MR. MC GOUGH:

Q But you don't recollect where that airstrip might have been located?

A No.

Q The plane that we have been talking about, was it ever identified as a Maule aircraft? Have you ever heard that term?

A No.

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Q Just what you call a reconnaissance plane or a spotter plane?

A That's correct.

Q Who was present at this meeting in your suite after dinner?

A It was Mr. Channell, Colonel North, and I believe it was Dan Conrad.

Q Could Mr. Miller have been there?

A I am quite sure he was not there.

Q Did Colonel North solicit any contributions or any funds for the contras at that meeting?

A No.

Q Did Colonel North make any indication that Mr. Channell could provide the needs, the contributions of Mr. Channell might provide for the needs of the contras?

A No.

Q Other than the meeting with the President, the meetings you have described so far, were there any other meetings during that trip to Washington that you recall?

A No.

Q Mrs. Newington, the records that you've turned over to us indicate -- this is just as a general matter,

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subject to check by Mr. Horgan -- that between October of 1985 and about March of 1986, in that six-month period that straddled the New Year, you made contributions to NEPL of approximately about $1 million -- about a million and a half in stock and another $500,000 or so in cash or in checks. I won't say cash.

Is that about it?

MR. HORGAN: That's close?

BY MR. MC GOUGH:

Q So about a million and a half dollars in stocks and about $500,000 in cash.

Was all that to be devoted, as you recall, to the repair of the airstrip or the purchase of a spotter plane?

A Oh, no.

Q For what other purposes were you contributing?

A This was, I am quite sure, during the lobbying efforts for the Congress as well as continuous ads and television spots.

Q Can you, in your own mind, separate out what portions of those contributions -- with the parameters I gave you -- what portions of the contributions -- we're talking about a total contribution in the neighborhood of

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$2 million over the space of about six months.

Can you, in your own mind, sort out how much of that was devoted to the contras and how much was devoted to television ads?

A No.

Q Does that help you at all fix the amount they were requesting for the airfield and for the spotter plane?

A Not really.

(Deposition Exhibit No. 4 identified.)

BY MR. MC GOUGH:

Q Mrs. Newington, Deposition Exhibit 4 is a letter from Oliver North dated January 24, 1986, among the documents you provided to us

Do you recall receiving that letter?

A Yes.

Q Between November 7, 1986 -- 1985, excuse me -- the evening meeting and the breakfast during the trip to Washington and your receipt of this letter, had you had any further communications with Colonel North?

A Only in the phone calls. I was requested by Mr. Channell once in a while to call him to cheer him up and

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to find out how things were going. I may have done that maybe twice.

Q And these phone calls, when you called to cheer him up or find out how things were going, did you discuss Nicaragua or any similar situations?

A No.

Q Obviously the letter is expressing its appreciation for your support and your efforts, and those of the National Endowment for the Preservation of Liberty.

If you go to the third paragraph, in particular the last two sentences in that paragraph, it reads: "In the weeks ahead, we will commence a renewed effort to make our assistance to the Democratic Resistance Forces even more effective. Once again your support will be essential."

How did you understand you were to provide your support to the Nicaraguan Resistance?

A There was no particular emphasis on anything that I can recall.

Q Did you understand that your support will be essential to be a reference to the support that you had previously given to the National Endowment for the Preservation of Liberty?

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A Yes.

Q And in speaking of continued support, did you understand that to mean that your continued support of the National Endowment would be essential?

A Yes.

Q There came a time in, I believe, early 1986, did there not, when Mr. Channell had your phones swept for surveillance devices; is that right?

A That's right.

Q Can you tell me how that came about?

A He just suggested that it might be a good idea for me to have it done. I really didn't question why he thought it would be, but if he wanted to do it, it was all right with me.

Q Did it seem like an unusual request from your standpoint?

A Yes.

Q Had you ever had it done before?

A No.

Q Have you ever had it done since?

A No.

Q Can you recall anything further about the

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conversation as to why it was necessary to sweep your phones?

A It really was not gone into. Just a suggestion.

Q What brought it about? Was there any meeting that was coming up, a visit by anyone, or did this just come out of the blue?

A Out of the blue.

Q Had you at that point been having telephone conversations with Colonel North?

A Only the ones that I referred to.

Q Did he indicate that he was doing this at the suggestion of anyone? That he was sweeping your phones at the suggestion of anyone?

A No.

Q And the National Endowment for the Preservation of Liberty did in fact pay for the sweep, did it not?

A Yes.

MR. HORGAN: In terms of your last question, Mrs. Newington learned who paid for it recently. She did not really have any understanding at the time.

BY MR. MC GOUGH:

Q You were not responsible for paying for it; is

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that right?

A That's right.

MR. MC GOUGH: Let's mark this as Exhibit No. 5.

(Deposition Exhibit No. 5 identified.)

MR. MC GOUGH: Would you care to take a break for a few minutes?

MR. HORGAN: Maybe in a little while. She is not used to this.

MR. MC GOUGH: I understand. As soon as you feel that might be helpful, just let me know.

BY MR. MC GOUGH:

Q Now, we have marked Exhibit 5, which is again a document produced by your counsel and it reflects a transaction at the Hay-Adams Hotel in Washington on February 28, 1986.

Did you in fact visit Washington and stay at the Hay-Adams at that time?

A That's correct.

Q And can you recall the purpose of that trip?

A That was the second visit to the President.

Q How did that come about?

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A That again was arranged by Mr. Channell.

Q Did he explain why it had been arranged?

A No.

Q He, in effect, invited you to come down and attend this -- or visit the President; is that right?

A That's right.

Q Can you tell me what happened when you traveled to Washington?

A This time I came down by train with members of my family.

MR. HORGAN: Bear with me a moment.

(Counsel and the witness confer.)

THE WITNESS: Yes, sir. I came down on the train with my sister, brother-in-law, and my daughter.

BY MR. MC GOUGH:

Q And who met you, if you recall?

A Mr. Smith. Cliff Smith.

Q I note on there that there is an Amtrak entry. that might be the train tickets.

Where did Mr. Smith take you?

A To the hotel.

Q And had you met Cliff Smith prior to that?

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A No.

Q It was the first time you met him?

A (Nods in the affirmative.)

Q But he had corresponded with you before that; is that right?

A On the phone; yes.

Q What happened when you got to the hotel? Was there anyone else there?

A Not at that moment, but eventually I was met by Mr. Channell.

Q What happened next?

A I believe that was the afternoon that I went to see the President.

Q Can you tell me how that came about?

A Yes. I think Mr. Channell took me over to the White House again and I met Colonel North at that time. He was planning to take me in. There was a long wait before I could see the President. He was very, very busy.

And Colonel North couldn't wait any longer and he departed. And I went in, but I don't think anybody took me in this time. I just started to go in, and it was a very brief meeting, and we exchanged thank-you's again. And he handed me a jar of jelly beans and said to give this to my daughter, and I handed him a book and said I had something for him to give him some strength. It was a little spiritual book of some kind. And that was it.

Q You say you exchanged thank-you's. What did you thank President Reagan for, if you remember?

A Just for taking the time to see me.

Q Do you recall what he thanked you for?

A Again, nothing.

Q Did the subject of Central America come up at all?

A No.

Q When you were waiting with Colonel North, do you recall what discussions you had with him?

A We talked about many surface things; nothing about the problems.

Q Nothing that you recall about the contras or Nicaragua?

A No.

Q What happened after you left the President's office?

A It must have been dinner time again. We went back to the hotel and had dinner again. I think this was with

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Mr. Miller, Mr. Channell, and Mr. Conrad. We all had dinner again together.

Q Did Colonel North appear that evening?

A Not that evening; no.

Q What was the subject of discussion that evening, if you can recall?

A Nothing terribly terribly important as I can recall.

Q Did you discuss Nicaragua, if you remember?

A We must have touched on it, of course. I really can't remember specifics.

Q Do you recall any specific needs of the contras being discussed at that meeting?

A I would assume that there must have been.

Q But you don't recall specifics?

A I just don't recall.

Q Did you have any further meetings after dinner that evening?

A No.

Q How about the next day?

A This is where I think the breakfast came in, the breakfast with Colonel North. It was not the time before,

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but I think it was this time.

Q And the breakfast you described before is the one you at first took place on November 8th, after your first meeting with the President, but now you think it took place this time?

A I believe that's correct.

Q And I believe we covered the topics that were discussed. Does the change in time change your recollection of what was discussed?

A Just one thing we may have added to that now is his visit; coming up to visit because he was very tired and exhausted, and Mr. Channell had suggested he might like to come up to Greenwich to rest.

I do think we discussed that.

Q Mrs. Newington, the records you gave to us indicate -- I am not going to mark this as exhibit -- but indicate on March 27, 1986 you made a contribution of $142,000. And you can look at the check just to refresh your recollection.

(Document handed to the witness.)

BY MR. MC GOUGH:

Q Was that the check, or was that -- if you

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recall -- the check that was targeted for spotter or reconnaissance planes?

A It could very well have been, but I am not absolutely certain.

Q You can't, as you sit here today, be certain whether or not that is the --

A Not really.

Q Do you know how long before you made a contribution for the planes, you were first advised of the need? Was this something they told you about and you kept in the back of your mind for a while until you made a contribution; or did they tell you about it and you turned around and made a contribution?

A I think they told me and shortly thereafter I contributed.

Q Let's move, if we could, to Colonel North's visit to your home. The records that have been provided to us seem to indicate that that took place in early May of 1986. And let me show you the records.

I am citing for that, the first we will mark as a deposition exhibit. This is not a record that you provided to us. Deposition Exhibit 6 is a telephone message, written

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at the offices of NEPL, dated May 2, 1986, that in the lower left-hand corner includes directions to your home.

(Deposition Exhibit No. 6 identified.)

MR. MC GOUGH: And then the calendar we have from your records --

MR. HORGAN: Just for my information -- this is the first time I've seen the document -- is this a telephone message to someone that you could identify?

MR. MC GOUGH: The telephone message appears to be to Angela from Mrs. Newington. And it's giving directions to Mrs. Newington's home.

This is a document that will be Exhibit 7 from your files, Mrs. Newington.

(Deposition Exhibit No. 7 identified.)

BY MR. MC GOUGH:

Q And if you will look at Saturday, May 3rd, and Sunday, May 4th -- although the copy is not very good -- that appears to say North.

Are we correct in our assumption that Colonel North's visit to your home took place on or about November

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3rd and 4th -- I'm sorry, I mean May 3rd and 4th of 1986?

A Yes.

Q Can you tell me how the idea for that visit first came about, whose idea it was?

A Well, as I mentioned, Mr. Channell having been to my house -- we have a pool -- he thought it might be a restful spot for him to come and just have a get-away. We didn't know when it was going to happen. I talked about it for quite a while.

Q How much notice do you recall receiving as to this visit? Was this something that was planned weeks in advance?

A Probably about a week in advance.

Q Had it been scheduled on other occasions and postponed, or the first time it was scheduled did it actually happen?

A No. The first time it was scheduled.

Q Who attended the weekend?

A Colonel North, his wife and two children, Mr. Channell, Mr. Miller, and Mr. Conrad.

Q Did Mr. Channell, Mr. Miller, and Mr. Conrad bring any family members, spouses or friends with them?

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A No.

Q Do you recall how each of those people traveled and arrived at your house?

A Yes. Colonel North and his family came up by plane to Westchester Airport and I picked them up and took them to my house.

Mr. Channell and Mr. Conrad came together. I believe they came up on their own airplane. And then Mr. Miller arrived separately.

Q And you say Colonel North came up by airplane. Did he come up by commercial air carrier?

A I think it was a private plane. I couldn't be absolutely certain about that. It was at an odd hour, and I think it was a private plane.

Q Do you know who supplied the private plane?

A No.

Q Did you supply the private plane?

A No.

MR. MC GOUGH: That's probably a more direct way.

MR. HORGAN: I did not either.

BY MR. MC GOUGH:

Q Did you have any understanding with Colonel North

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or with Mr. Channell as to who would pay for this weekend -- expenses and that sort of thing?

A I had no idea.

Q When you say Mr. Channell and Mr. Conrad came up in their plane -- I think that was the way you put it -- do you know whether they came in a private plane or by commercial carrier?

A No, by commercial. LaGuardia.

Q When did the group arrive? Was it on Friday or was it on Saturday?

A Very late Saturday night.

Q When you say very late Saturday night, do you recall what time?

A It must have been about 8 o'clock because we didn't have dinner until about 9:30 or something.

Q And the dinner, can you describe how that was set out, what kind of dinner it was?

A Yes. We went down to the Homestead Inn which is only a block or two away from my house and had dinner -- children and all.

Q And who paid for that dinner?

A I did.

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Q Do you recall how much the dinner cost at this point?

A Yes. I think it was somewhere between three and four hundred dollars.

Q Did everyone in the group stay at your residence?

A Yes.

Q And they stayed there Saturday night; is that right?

A Yes.

Q Let me back up for a moment.

At that dinner at the Homestead Inn, or as best you can recollect, at any time on Saturday night were there any discussions of Nicaragua or the contras?

A No.

Q Let's move to Sunday.

Can you tell me what the itinerary was on Sunday?

A Colonel North slept till about noon. The others straggled down for breakfast, and we had a picnic about 2 o'clock, outside.

Q Do you recall Nicaragua or the contras being discussed at any time on Sunday?

A No.

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Q Was there a time at the picnic on Sunday, Mrs. Newington, when Mr. Channell in the presence of Colonel North, and yourself and Mr. Miller brought up or asked a question of Colonel North about the contras or support of the contras?

Do you remember that?

A No. I remember only that we stayed very far away from the subject because everybody was trying to take a break and get away from it all.

Q I guess I am trying to focus on what may have been a specific question addressed by Mr. Channell to Colonel North that some members in the group felt was rather inappropriate in light of the agreement that there would be no business discussed over the weekend.

Do you recall anybody breaching that rule at any point?

A No.

Q After the picnic on Sunday what, if anything, occurred?

A The children went swimming. They left late afternoon.

MR. MC GOUGH: Let me show you what has been

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marked as Deposition Exhibit 8.

(Deposition Exhibit No. 8 identified.)

(Document handed to the witness.)

BY MR. MC GOUGH:

Q This is a document produced by your counsel. Do you recognize this letter, Mrs. Newington?

A Yes, I do.

Q Can you tell me what it is?

A It's a little thank-you note from Mrs. North.

Q And her name is Betsy.

A Betsy.

Q And it refers to the weekend that they just had?

A Yes.

Q And the date on it is May 12, 1986; is that right?

A That's right.

Q There is a reference on this to a "Larry." I see it at -- if you turn it vertically, you can see a reference to a "Larry" here and I think it turns up as well -- it's got "Larry" here. I think there's at least one other reference to "Larry." Let me look here.

I think if you look at the first paragraph of the

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letter, it says in parens, "I think Larry would have slept all day if Dornin hadn't insisted he get up."

A That's her husband. Larry. She refers to him as Larry.

Q It threw me for a bit of a loop.

MR. HORGAN: Who refers to whom as Larry?

THE WITNESS: Betsy refers to her husband as Larry.

BY MR. MC GOUGH:

Q So that was a reference that you -- let me put it this way. You did not understand that to be a code name for Colonel North?

A No.

Q Do you know if that's his middle name?

A Yeah, I think it is. I'm not absolutely sure, but it must be.

MR. REARDON: Oliver L.

BY MR. MC GOUGH:

Q And Dornin is one of their children?

A Yes.

MR. MC GOUGH: Why don't we take a brief break and that will allow me to sort through this stuff.

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(Brief recess.)

MR. MC GOUGH: Why don't we go back on the record?

BY MR. MC GOUGH:

Q Mrs. Newington, let me ask you a little bit about the transition in Western Goals when Mr. Channell took over the organization.

Am I correct that you were, if not instrumental, at least part of the process of persuading Mr. Channell to take on Western Goals?

A That's right.

Q Can you tell me, did you have some kind of argreement or arrangement with him or understanding as to what you might do if he did in fact take on Western Goals?

A Yes. He asked if I would stick with it for about a year until he got it going, and I said I would. They had debts to pay off and I helped them with that. And that's about it.

Q And for that year, during which you promised to stick with it, did they provide you with -- did they notify you of the amounts of money they needed to continue the project?

A Yes.

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Q And did you do your best to fulfill the organization's needs?

A Yes.

Q Did you ever understand Western Goals to have a role in or relationship to the Nicaraguan contra issue?

A No.

Q So to the extent that there were discussions of the needs of the contras or the situation in Nicaragua, those would have been centered on NEPL or Mr. Channell's other organizations as opposed to Western Goals?

A That's correct.

Q And to the extent that your money was contributed to Western Goals, you understood that money to be used for something other than the Nicaraguan Resistance?

A Yes.

Q Did Mr. Channell and Mr. Conrad visit your home in Connecticut?

A Yes.

Q Can you tell me on what occasions, not necessarily dates, but if you can put it in any kind of context that would be helpful.

A It's almost impossible to. I would just be

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guessing.

Q Can you tell me how many times they came, to the best of your recollection, setting aside the time they came with Colonel North?

A Probably about twice together, and Mr. Channell maybe once or twice by himself.

Q What were the purposes of those visits, as best you can recall?

A To show me ads; to take a break. Just to keep my interest up.

Q In the course of those visits to your home, did Mr. Channell ever discuss Nicaragua with you or the contras?

A Not really.

MR. HORGAN: Are you talking about the ones with Mr. Conrad at the moment?

BY MR. MC GOUGH:

Q Yes. We will focus on the ones with Mr. Conrad.

When Mr. Channell came with Mr. Conrad, what were the purposes of those visits?

A That was really in reference to Western Goals.

Q How about when Mr. Channell came by himself? Do you recall him discussing Nicaragua?

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A Only in showing me the ads they were putting in, the lobbying situation; yes.

Q The records you have produced for us, Mrs. Newington, show a series of contributions in the first part of 1985 totaling approximately a little over $200,000 to a ACTSEF, American Conservative Trust State Election Fund.

The records also show acknowledgments of those contributions received from the National Endowment for the Preservation of Liberty.

Let me show you an example. My question may become clear in a moment. I don't think it's necessary to mark all these as exhibits because my question is really one of explanation, not of identification.

But if you compare some of the records that you produced to us, you have, for example, a check -- let me see if I can find one.

MR. HORGAN: January 14 or 15, $33,800.

BY MR. MC GOUGH:

Q Here's one, for example. Let's do this one. We have a check made to the American Conservative Trust, January 14, 1985, in the amount of $33,800. And then we

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have an acknowledgment letter dated February 28, 1986, approximately a year later from the National Endowment for the Preservation of Liberty, acknowledging 33,800 to the National Endowment.

Just so you are with me here, there are a series of acknowledgment letters, all dated February 28, 1986, all of which acknowledge gifts to the National Endowment, including a number of gifts where the checks were actually written to the American Conservative Trust State Election Fund.

Do you know, first of all, why these acknowledgments were sent and, secondly, why they were acknowledged as gifts to the National Endowment when it would appear that the checks were originally written to the American Conservative Trust State Election Fund?

A I don't know why. I don't know.

Q Did you request the acknowledgments from NEPL?

A Yes, I did.

Q Did you do that as a matter of course or routine, or did you specifically at some time request NEPL to provide you with acknowledgments?

A I had asked them every time if they would. I

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think they just decided to lump them all together, you know.

Q The acknowledgments that we have been examining are dated in some cases a year or more after the actual contributions were made. And there's a whole series of them dated February 28th.

Did you request them for tax purposes in 1986, do you know?

A There was no particular reason, except I knew I should have them for tax purposes.

Q On matters like this, did you deal directly with the people at NEPL or did your accountants -- did you have accountants or people who might have made requests on your behalf?

A No. I dealt directly.

Q And as you sit here today, do you have any recollection at all as to why a contribution might have been made to ACTSEF and an acknowledgment might have been received from them?

A I don't know.

MR. HORGAN: Mr. McGough, I would like the record to indicate that you are correct that the payees on all the checks in question here was the ACTSEF, and although the

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acknowledgments dated February 28, 1986 came from NEPL, Mrs. Newington deducted none of these contributions on her federal or state tax returns."

MR. MC GOUGH: That was going to be really my next line of inquiry was looking at your tax returns, Mrs. Newington.

BY MR. MC GOUGH:

Q There were some contributions made to NEPL and other Channell-related organizations that you deducted and some contributions that you did not deduct, including a number of the contributions which went in on ACTSEF checks and were acknowledged on NEPL as contributions to NEPL.

Can you explain to me why you drew that distinction, why you deducted some of these matters but not others?

A I knew that the -- I was sure of the National Endowment being tax deductible. The others I was not totally sure of. And I didn't need to take deductions; I've got such a big carryover anyhow. So I just didn't put them in as deductions.

Q As to your contributions to the National Endowment, do you know if there were any places where you

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made contributions to the National Endowment and then decided not to deduct that amount from your income tax?

A Yes. There could have been some that I have not deducted.

Q And why would you have not deducted those?

A Well, as I say, such a big carryover, it's almost foolish to put it in.

Q But was there anything about specific contributions to NEPL that you viewed as deductible or not deductible?

MR. HORGAN: Can I have the last question read back?

MR. MC GOUGH: Sure. I'll repeat it.

BY MR. MC GOUGH:

Q Was there anything about specific contributions to NEPL that you viewed as making them either deductible or non-deductible? Did you distinguish among your contributions to NEPL in any way?

A No.

Q So that it wasn't a situation where some of the contributions you were making to NEPL you considered deductible because they were made for one purpose, whereas

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other contributions were made for other purposes and were not deductible?

A No.

MR. HORGAN: Perhaps to clarify the record, one of your earlier questions in effect assumed, the way you phrased it, that she made a decision not to deduct some of the NEPL contributions, and I think her answer was in the affirmative. But I think her subsequent testimony has indicated that she did not make a decision to do so as such.

You may wish to inquire.

MR. MC GOUGH: I guess my question was -- and I guess I would have to check the records -- but my question was whether there were contributions made to NEPL, checks perhaps or stock given to NEPL, that were not reflected as deductions on her tax returns.

MR. HORGAN: That is correct. The records reflect that.

MR. MC GOUGH: Perhaps decision was inartful. I guess what I was trying to illustrate was there were in fact some contributions made to NEPL that were deducted and some contributions made to NEPL that were not deducted.

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MR. HORGAN: That is correct.

MR. MC GOUGH: The records bear that out.

MR. MC GOUGH: My next question is why the distinction? And Mrs. Newington explained she doesn't need the loss carryover, but I was still interested in why she would deduct in some cases and not deduct in others; why she made a distinction.

BY MR. MC GOUGH:

Q Do you feel the record is clear on that?

A I can't think of any particular reason, except perhaps tax-wise is all.

MR. HORGAN: Just one moment.

(Counsel for the witness confer.)

MR. HORGAN: In the course of preparing for this deposition and other inquiries, I had occasion to look at the records and talk with Mrs. Newington about the subject matter of your question, and I think it was inadvertent that some -- as opposed to an affirmative decision or a negative decision as opposed to a decision, I think it was inadvertent that certain contributions to NEPL were not deducted or not reported to her accountant for purposes of taking a deduction.

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Mrs. Newington did not -- kept a folder of her separate contributions, and I gather on an annual basis provided information to her accountant.

Just one moment.

(Counsel for the witness confer.)

MR. HORGAN: Off the record.

MR. MC GOUGH: Let me finish up.

MR. HORGAN: This is on the same subject of who made what decision.

MR. MC GOUGH: Why don't you jot a note and then do it at the end because I just have a couple of questions.

(Discussion off the record.)

BY MR. MC GOUGH:

Q Mrs. Newington, did you ever hear a reference by Mr. Channell or anyone associated with him to the Toys Project or Project for Toys?

A No.

Q Were you ever solicited or asked to contribute to an account to provide toys -- to provide toys to the children of the Nicaraguan freedom fighters?

A No.

Q Did anyone ever ask you to refer to Colonel North

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by another name?

A Yes.

Q In what context did that arise?

A Green. Mr. Green.

Q Who asked you to do that?

A Mr. Channell.

Q Do you recall when he asked you to do that? When was the first time he raised that with you?

A He never mentioned it, except he would use the word, and so I just gathered that that's what they would like to use when talking on the phone or something.

Q When you mentioned or spoke of Colonel North with Mr. Channell, did you also use the name Mr. Green?

A I always avoided it somehow.

Q You mean you avoided trying to refer to him by any name at all?

A Yes.

Q Did you ever ask Mr. Channell why you were using a code name for Mr. North?

A No.

(Discussion off the record.)

MR. MC GOUGH: Back on the record.

BY MR. MC GOUGH:

Q Were you aware of any other code names that were being used by the NEPL people?

A No.

MR. MC GOUGH: I think that's all I have.

Why don't you go ahead, before Tom and Ken clean up a little bit, why don't you go ahead and ask your questions?

EXAMINATION

BY MR. HORGAN:

Q Mrs. Newington, when you found yourself giving to charitable organizations, did you inquire, either orally or by letter, as to their tax-exempt status from time to time?

A Yes, I did.

Q And did your donee organizations occasionally provide you with letters, copies of letters from the IRS relating to their tax status?

A Yes.

Q And did Mr. Channell do so on a number of occasions?

A Yes.

Q Have you produced, included among the documents

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that we produced in the response to the subpoena and the court immunity orders, those letters which you did receive from Mr. Channell relating to the tax status of his organizations?

A Yes.

Q Can you tell us from your memory how it was that you learned what you should do in making tax-deductible gifts; from whom you learned this over the years?

A That was from my husband, because this had been a pattern that we had followed for many years.

Q And that pattern was to do what?

A Well, to always get a support letter of the tax deductibility of whatever you give to.

Q On an annual basis, did you make available what records you had to your accountant in response to his inquiries?

A Yes.

(Counsel for the witness confer.)

BY MR. HORGAN:

Q And was the same general procedure followed by you with respect to the donations over the recent years that you made to other non-Channell organizations?

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A Say that again, please.

Q Did you follow the same procedures in recent years with respect to non-Channell organizations?

A Oh, yes.

Q You mentioned your charitable carry forwards. I take it, then, that over recent years you made substantial other charitable donations having nothing whatever to do with Mr. Channell or any of his organizations?

A That's correct.

MR. HORGAN: No further questions.

EXAMINATION

BY MR. FRYMAN:

Q Mrs. Newington, I have a few questions. You have testified about contributions that you've made to various of Mr. Channell's organizations. And as to some of those organizations you took tax deductions, and others you did not; is that correct?

A That's correct.

Q In your discussions with Mr. Channell when he would call you seeking a contribution, he would specify which organization he would like the contribution to go to; is that correct?

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A That's right.

Q Did you ever authorize Mr. Channell in any way to transfer the contribution you had made to one of his organizations to another of his organizations?

A No.

Q You have spoken this morning about discussions with Mr. Channell and Colonel North about a contribution that was to be used for construction of an airfield and the purchase of a reconnaissance plane; is that correct?

A That's correct.

Q Were you ever told by Colonel North that your contribution was used for that purpose?

A Never specifically; no.

Q What was said by Colonel North with regard to that?

A Oddly enough, I don't think I ever heard that this amount was used for that. I don't think I ever heard that. I just assumed that whatever I gave went where it went.

Q Did Mr. Channell ever say anything about the use of those contributions?

A No; except for things, particular ads in papers or television spots or something.

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Q Do you know if the reconnaissance plane was ever purchased?

A I have no way of being absolutely certain; no.

Q Did anyone ever give any indication to you that it was purchased?

A No.

Q Did anyone ever give any indication to you that there was any money spent on an airfield?

A No, not really.

Q Mrs. Newington, were there any funds transferred to you in any way which were then used for you to make a contribution to one of Mr. Channell's organizations?

A No.

Q Was there ever any discussion of any transfer of that sort?

A No.

Q You mentioned that you requested from Mr. Channell, I believe, some documentation as to the tax-exempt status of certain of his organizations, and you received such documentation.

Did you have any other communications with Mr. Channell or with anyone in his organization about the

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tax deductibility of your contributions?

A No.

MR. HORGAN: Just a moment.

(Counsel confers with the witness.)

MR. HORGAN: Your question, I believe, was whether there was -- in effect, your question was any other communications besides the letters that have been referred to and which we produced, and I think the witness could add to her answer.

THE WITNESS: Yes. Telephone calls, discussions on the telephone.

BY MR. FRYMAN:

Q Were these discussions with Mr. Channell?

A Yes.

Q What did he tell you in these discussions?

A Well, for instance, if I asked him for the 501(c)(3) of NEPL, he would say "Certainly." And I received it. I was sent it and I received it. Nothing much more than that.

I mean if I requested it on the phone, he would see that I received it.

Q Was there any discussion with Mr. Channell as to

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the tax deductibility of any particular contribution that you were making?

A No.

Q Did he ever tell you that any of your contributions could not be deducted on your tax returns?

A Yes. There was something like the Sentinel. A few of the state election funds were not deductible. He made me aware of that.

Q Did you discuss with Mr. Channell the deductibility of the contributions for the airfield and the reconnaissance plane?

A No, because it was given to -- I mean the contribution was given to the NEPL, and that's all that it meant to me.

Q What was your conclusion from the fact that it was given to NEPL about the tax deductibility?

A Well, I assumed that it was definitely tax deductible. I have the 501(c)(3) letter.

Q Did he instruct you to make the contribution for these purposes to NEPL?

A Yes.

Q Can you identify, Mrs. Newington, the particular

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contributions that you made for these purposes? That is, the construction of the airfield and the reconnaissance plane.

A I really can't pinpoint, you know, this check went for that. It's very hard to do.

Q In your answers to Mr. McGough's questions, you referred to a number of meetings with Mr. Channell and Colonel North, and there were references during certain of these meetings to weapons for the Resistance in Nicaragua.

And I believe at the beginning of the deposition, you mentioned that that was one of the subjects that had come up.

Focusing on that particular area of discussions, I would like to go back and review the meetings, beginning with your first recollection of discussion of weapons of any sort with Mr. Channell or Colonel North.

What was the first occasion?

A The briefing with Colonel North.

Q When was that?

A That was June 25th, I think.

Q June of 1985 briefing?

A Uh-huh.

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Q And what did he say in that briefing about weapons?

A Only to mention the name, that they needed weapons; that it was a very important part of their equipment.

Q Did he specify any types of weapons?

A Not to me; no.

Q Did he mention ammunition?

A No.

Q Grenades?

A No.

Q Mines?

A No.

Q Did he mention any dollar amount needed to purchase weapons?

A No.

Q After the briefing with Colonel North, you met with Mr. Channell; is that correct?

A Yes.

Q Now, did Mr. Channell say anything about weapons following that briefing?

A No. You mean to ask me for money for weapons or

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something?

Q Or was there any reference to the briefing and Colonel North's reference to weapons?

A No, not particularly. There was reference to the briefing because we talked about what was said, but nothing pertaining particularly to weapons.

Q When was the next occasion the weapons were mentioned either by Mr. Channell or Colonel North?

A It never was to me particularly.

MR. HORGAN: I think a clarification would be that she has testified earlier today that at various times during these solicitations made by Mr. Channell, the subject of equipment, supplies, or food and weapons would be included in that list. And I think it was mentioned on more than one occasion by Mr. Channell, and that during various of the solicitations it may have been mentioned.

So when you say "never," it's a question of never saying never. I think it did come up on more than one occasion following the initial briefing. I think some of her testimony earlier today may have referred to that.

BY MR. FRYMAN:

Q Other than the references that you made earlier today to discussion of weapons, Mrs. Newington, can you recall any other discussion?

A No.

Q Mrs. Newington, Mr. McGough asked you several questions about the Western Goals organization and you had been an active supporter of that for a number of years; is that correct?

A That's correct.

Q Now, the Executive Director of that organization, or the person in charge of the organization had been a woman named Linda Guell; had it not?

A That's correct.

Q Did she continue with the organization after Mr. Channell assumed control of it?

A Yes, for a very brief time.

Q And then was she replaced, or did she resign or what?

A She resigned, and she was not replaced as far as I know.

Q Did she start another organization?

A No. She just went to another job.

Q Have you had any contact with Linda Guell since

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she left Western Goals?

A Well, in the beginning when she left, she would keep in contact with me; yes.

Q What was the nature of that contact?

A We had been friends, you see, for a long time because of Congressman MacDonald. So it was just a friendly basis to keep me informed as to what her problems were and what she was about to do, and her resigning from Western Goals when Mr. Channell had it.

Q Did she comment in these conversations on Mr. Channell?

A Yes. She was not happy to be working for him.

Q What did she say?

A That she had been relegated to the job, more or less, of a secretary and she had not been used to that. She just wasn't happy.

Q Did she have any specific criticisms about how Mr. Channell was running the organizations?

A No. Not specifically. She was just not pleased with his attitude to her. That's all.

Q Other than treating her like a secretary, what examples did she give?

A I don't think there were any others. That was the main thing that she really was upset about.

Q When was the last time you spoke with Linda Guell?

A Several months ago.

Q Was it in 1987?

A Yes. I think I had a chat with her in the beginning of '87.

Q When was the last time you spoke with Mr. Channell?

A The visit in New York in '87.

(Counsel and the witness confer.)

THE WITNESS: Yes. Phone calls and other matters always on Western Goals. Western Goals was starting a new project and he would call me particularly about that.

BY MR. FRYMAN:

Q When was the last time you spoke with him on the telephone?

A It must have been probably March.

Q And the last time you met with him face to face was when?

A I think that was early March.

(Counsel and the witness confer.)

THE WITNESS: March 22nd.

BY MR. FRYMAN:

Q And did these meetings relate to a new fundraising project?

A Yes.

MR. HORGAN: Meeting, singular.

BY MR. FRYMAN:

Q Meeting, singular. The meeting and telephone conversation or conversations.

Did he say anything about the operations of NEPL and the fundraising he had done with respect to Nicaragua?

A Not to me; no.

Q Have you spoken with Mr. Channell's attorneys?

A No.

MR. HORGAN: At what point in time does your question go to?

MR. FRYMAN: Let's say any time in the last three years.

(Coynsel and the witness confer.)

MR. HORGAN: Very recently, the same day that Mr. Channell pleaded guilty in court, Mrs. Newington received a telephone call from Alexia Morrison. Pursuant to my suggestion, Mrs. Newington simply referred Ms. Morrison to me and I then received a telephone call from Ms. Morrison; simply advised me so that I would learn first from her rather than from the press of his guilty plea.

And I believe that the only conversation Mrs. Newington had was a very brief one from Mr. Channel's lawyer where she essentially referred Ms. Morrison to me. That would have been the day that he made his plea.

BY MR. FRYMAN:

Q Mrs. Newington, other than this call that has been described on the day of Mr. Channell's plea, have you had any other meeting or telephone conversation or communication of any sort with Mr. Channell's attorney during the last three years?

A No.

Q When was the last time you had any communication with Colonel North?

A The visit in May.

MR. HORGAN: Do you remember anything else?

THE WITNESS: Actually I don't.

MR. HORGAN: Just a moment.

(Counsel and the witness confer.)

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MR. HORGAN: I reminded the witness that we have produced at your request, pursuant to the subpoena, her telephone bills that included some references to calls placed to Colonel North's office from her residence. And I believe Mrs. Newington did have occasion -- you may ask her if you would care to -- to speak with Colonel North on the telephone since the last time that she saw him, which was the May '86 visit.

BY MR. FRYMAN:

Q Have you spoken with Colonel North on the telephone since that visit, Mrs. Newington?

A Yes.

Q On how many occasions?

A Twice.

Q When was the first occasion?

A I don't remember the exact time, but I know that I spoke to his wife. That was one call. I actually hadn't spoken to him; I spoke with her.

And the second call, I guess, was speaking to him.

Q The call with his wife -- was that call before or after Colonel North resigned?

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A After.

Q And the call with Colonel North, was that before or after he resigned?

A After.

Q Now, the call with Colonel North, what did he say to you in that call?

A He said that -- he just mentioned how it was the first time at least he was able to fix his roof on the house and have a little -- rather refreshing for him to have this time off, and that he was hopeful that everything would turn out all right.

Q You called him; is that correct?

A Yes.

Q Did anyone suggest that you call him?

A Yes.

Q Who?

A Mr. Channell.

Q Did he give a reason why you should call him?

A Just to give him some support at this particular time. Moral support.

Q And did you call him at his home?

A Yes. Well, I called his home to speak to Betsy;

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the second one was to his office. I spoke to him at his office.

Q In this call with Colonel North, was there any discussion about any of your contributions?

A No.

Q Was there any discussion about Nicaragua or the Resistance?

A No.

Q In the second call with his wife, how would you describe that call? Was it a social call?

A A social call.

MR. REARDON: Pardon me. Wasn't that the first call?

THE WITNESS: The first was to her; yes.

MR. FRYMAN: In chronological order, the call to the wife was first and then followed up with a call to the office.

THE WITNESS: (Nods in the affirmative.)

MR. HORGAN: Could I ask just one simple clarifying question?

Did you place the call to speak to Mrs. North or to Colonel North? I gather you spoke to Mrs. North, but did

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you call, trying to reach --

THE WITNESS: Yes. Trying to reach him, and he was not home. And so I spoke with her.

BY MR. FRYMAN:

Q What did she say in your call with her?

A Naturally, she was very disturbed. She, too, felt that things would come all right.

Q Have you made any contribution to a defense fund for Colonel North?

A No.

MR. FRYMAN: Mrs. Newington, I have no further questions. Thank you very much.

Mr. Buck may have a few questions.

MR. BUCK: Mrs. Newington, I have no questions. I just want to thank you very much for coming here today.

FURTHER EXAMINATION

BY MR. MC GOUGH:

Q Let me, at the risk of spoiling everything, let me just cover two other letters to get them identified and find out what the context was before we depart here. And we will mark them as the final exhibits. I will give them both to you and try to do them together.

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(Deposition Exhibit Nos. 9 and 10 identified.)

BY MR. MC GOUGH:

Q Mrs. Newington, I show you what have been marked as Exhibits 9 and 10, letters of July 11, 1985 and October 6, 1985 to you from Adolfo Calero, which were supplied by document production.

Do you recognize these letters?

A Yes, I do.

Q . Did you in fact receive them from Mr. Calero?

A Yes, I did.

Q The July 11th letter refers to a trip to New York by Mr. Calero and also gratitude to Spitz Channell for an opportunity to get to know you.

Did you meet with Mr. Calero in New York?

A Yes, I did.

Q What was the purpose of that meeting?

A I believe Mr. Channell again arranged this meeting. I think that he just wanted me to be brought further into the Nicargaun picture and have direct contact with the man who was running the operations down there.

There was no solicitation of funds at that time.

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Q Did Mr. Calero describe the needs of the contras at that meeting?

A Yes.

Q Did he talk about both military and non-military needs?

A To me it was all non-military.

Q After that meeting with Mr. Calero, did you ever have occasion to speak with him again, either in person or over the telephone?

A No.

Q You received what has been marked as Exhibit 10, the October 6th letter, did you not? You ultimately received a letter from him on October 6th; is that right?

MR. HORGAN: So that the record is clear, Exhibit 9, we believe, was received by Mrs. Newington through the mails and we believe that Exhibit 10, which is the October 6th letter, was delivered to her by Mr. Channell or one of his colleagues, and that he had in some fashion received it from its author, Mr. Calero -- from its purported author, Mr. Calero.

BY MR. MC GOUGH:

Q Had you had any communications with Mr. Calero leading up to the October 6th letter, other than the ones we have discussed?

A No.

Q Were you surprised to receive that letter?

A Yes.

Q Why did you understand you had received it?

A Are you talking about this letter? (Indicating.)

Q Yes, the second letter, the October 6th letter.

A I gathered Mr. Channell must have told him of my involvement and he was just thanking me.

Q Can you tell me what the Larry MacDonald Brigade is?

A Yes. That was something that was formed just because Mr. Calero and Congressman MacDonald had been friends. And he was a great admirer -- Calero was a great admirer of MacDonald and thought it would be a very nice thing to name a task force after him.

Q By a task force, you mean a military unit; is that right?

A That's right.

Q The October 6th indicates that you helped in forming the Larry MacDonald Brigade; is that correct?

A That's correct.

Q And how did you help?

A By contributing money through Mr. Channell. It was all the same.

Q That was going to be my next question.

In order to form the Larry MacDonald Brigade, you made your contributions through Mr. Channell?

A That's correct.

Q And that would be through NEPL; that wasn't through a separate organization?

A No.

Q When you made contributions, did you earmark them, at least with Mr. Channell, specifically for the Larry MacDonald Brigade, or did you view all the contras as essentially interchangeable and just made general contributions?

A The latter is correct.

Q So you didn't earmark specific contributions for the Larry MacDonald Brigade?

A No.

Q Did you understand that money being provided to Mr. Channell would be used to buy -- at least part of the

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money would be used to buy supplies for the Larry MacDonald Brigade?

A That's correct.

Q Did you ever understand that part of that money would be used to buy arms for the Larry MacDonald Brigade?

A No. It was mainly uniforms. That's what I understood.

Q And who told you that, if you can recall?

A Mr. Calero. Both of them.

MR. MC GOUGH: I have nothing further.

MR. FRYMAN: Nothing further.

(Whereupon, at 12:35 o'clock p.m., the taking of the deposition was concluded.)

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CERTIFICATE OF NOTARY PUBLIC & REPORTER

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I, KAREN N. ILSEMANN, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Karen N. Ilsemann
Notary Public in and for the
District of Columbia

My Commission Expires FEBRUARY 14, 1991

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10 Oct 85

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BN 0191

Deposition
Exhibit #2
5/12/87 Ki

THE WHITE HOUSE
WASHINGTON

October 10, 1985

Dear Mrs. Newington:

I want to take this opportunity to express to you my deep appreciation for the selfless, patriotic support you have provided so unflinchingly to this Administration and to our policies.

Among the most important of our policies, of course, is the promotion of liberty and democracy abroad. Your invaluable assistance for the cause of freedom, in helping to educate others and in actively supporting those who so much depend on us, is a credit to this great nation.

We are grateful for your commitment to that cause and for your continuing support.

God bless you for your steadfastness.

Sincerely,

Ronald Reagan

Mrs. Barbara Newington
[redacted]
Greenwich, Connecticut 06836

Privacy

Partially Declassified/Released on 10 Feb 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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24 JAN86

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

BN 0188

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Deposition
Exhibit 64
5/12/87 K.

January 24, 1986

Dear Barbara:

During 1985, the hope freedom and democracy in Nicaragua was kept alive with the help of the National Endowment for the Preservation of Liberty and fine Americans such as you. Because you cared, the spark of liberty still glows in the darkness of Nicaragua.

Without patriots like you, carrying out the President's policy of support for a democratic outcome in Nicaragua would have been even more difficult. Your efforts and those of the National Endowment for the Preservation of Liberty continue to play a crucial role in the democratic drama unfolding in Nicaragua. Your support has been essential to those who struggle against the tyranny and oppression of the totalitarian communist regime in Managua. You have given hope where there would otherwise be despair.

Last year was a challenging time for America and her President. But, we are headed in the right direction. Today, in all of Central America only Nicaragua is not a democracy. You can be proud that you have made a crucial contribution in helping our President in this vital endeavor. In the weeks ahead, we will commence a renewed effort to make our assistance to the Democratic Resistance Forces even more effective. Once again your support will be essential.

All my best for the New Year and God bless you.

Sincerely,

Oliver L. North
Deputy Director
Political-Military Affairs

Released on 11FEB88
Johnson, National Security Council

5536

Mrs. Barbara Newington
PRIVACY [redacted]
Greenwich, CT 06836

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11 Jul85

Deposition Exhibit #9 5/1/87 K

FDN

FUERZA DEMOCRATICA NICARAGÜENSE

UNCLASSIFIED

BN 0185

July 11th, 1985

Mrs. Barbara Newington
[redacted] PRIVACY
Greenwich, Connecticut 06836

Dear Mrs. Newington:

My trip to New York was an inspiration. The Larry McDonald task force is already forming.

I am grateful to Spitz Channel for the opportunity to get to know you. Your support and patriotic contribution touches all of us.

We will not disappoint you, our countrymen or President Reagan. Freedom will return to Nicaragua bacause we believe God wants it there. God bless you.

Sincerely,

Adolfo Calero Portocarrero

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6 Oct 85

Deposition Exhibit 10 5/12/87 KC

FDN
FUERZA DEMOCRATICA NICARAGUENSE

UNCLASSIFIED

BN 0186

October 6, 1985

Mrs. Barbara Newington

Dear Mrs. Newington:

I am dictating this letter from our command center and have asked Mr. Channell to help get it to you.

You are a great lady and a true friend of the cause of freedom in Nicaragua. Your help in forming the Larry MacDonald Brigade touched us all. Without Americans like you we can not succeed.

We have begun a major push to unite the forces in the South with those fighting in the North. You will be proud to know that the Larry MacDonald Brigade is part of that effort.

We stand for Democracy in Nicaragua and your assistance stands as a shining example of Americans who have sacrificed to help us.

God bless you and we remain your constant admirers.

Sincerely,

Adolfo Calero

Adolfo Calero

[redacted] Declassified/Released on 10FEB88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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STENOGRAPHIC MINUTES
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EXECUTIVE SESSION

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[illegible] of E.O. [illegible]
[illegible] National Security Council

EXECUTIVE SESSION

Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES

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OFFICE OF THE CLERK
Office of Official Reporters

EXECUTIVE SESSION

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EXECUTIVE SESSION

JOINT HEARINGS ON THE IRAN-CONTRA INVESTIGATION

Testimony of Oliver L. North

Wednesday, July 1, 1987

House Select Committee to Investigate
Covert Arms Transactions with Iran

and

Senate Select Committee on Secret Military
Assistance to Iran and the Nicaraguan Opposition

Washington, D.C.

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The select committees met, pursuant to call, at 5:10 p.m., in Room B-352, Rayburn House Office Building, Hon. Dick Cheney (on behalf of the House Select Committee) and Hon. Daniel K. Inouye (chairman of the Senate Select Committee) presiding.

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Chairman Inouye. The Senate Committee will please come to order.

In accordance with Committee Rule 2.1 I will entertain a motion this hearing be closed to the public.

Mr. Rudman. Pursuant to Committee Rule 2.2, I move the committee hearing be closed because the matters to be discussed include matters of national security.

Chairman Inouye. I have the following proxies which will become part of the record: Senator Sarbanes, Heflin, Boren, Nunn, and my vote is also aye.

Mr. Rudman. I also have proxies from the following Members: Senator Hatch, Cohen, and Senator McClure. I also vote aye.

Chairman Inouye. Senator Mitchell?

Mr. Mitchell. Aye.

Chairman Inouye. Senator Trible.

Mr. Trible. Aye.

Chairman Inouye. The vote is unanimous in favor of closing this hearing.

Mr. Sullivan. Mr. Chairman, I might record as well for the limited purpose of this hearing, we have no objection to it being in executive session. As explained yesterday, our request to maintain open hearings still stands based upon our earlier letter. But for the purposes of today's session, we agree to have it closed.

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Chairman Inouye. I have another matter to bring up while we are waiting.

(Discussion off the record.)

Mr. Cheney. Mr. Chairman, I move in light of the sensitive nature of the material to be discussed, that we meet in executive session.

Mr. Jenkins. Without objection from our side, we have sufficient proxies, I think.

Chairman Inouye. Now you are in executive session, the Senate and the House.

(Discussion off the record.)

Mr. Cheney. The committee will come to order.

For the sake of establishing a clear record -- we lack a Member on this side. Without a quorum, we can't proceed. Will somebody check and make sure Mr. Jenkins is on his way back?

Mr. Jenkins is now present. Still off the record.

(Discussion off the record.)

Mr. Cheney. Back on the record.

Colonel North, would you stand?

(The witness was sworn by Mr. Cheney.)

Mr. Cheney. Thank you.

The Chair recognizes the counsel for the House Select Committee, Mr. Nields.

Mr. Sullivan. Excuse me. I think it would be appropriat

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to have the Senate swear him as well.

Mr. Cheney. We have only done it once for every witness.

Mr. Sullivan. Would you mind doing it?

(The witness was sworn by Chairman Inouye.)

Chairman Inouye. Thank you.

Mr. Chairman. The Chair recognizes Mr. Nields.

Mr. Nields. Colonel North, this is a joint hearing of the House and Senate Select Committees on Iran. The subject of the question today -- which is being conducted in executive session -- is -- the subject is the knowledge, if any, of the President on the subject of the use of the proceeds of arms sales to Iran for the Nicaraguan Resistance.

I would ask you at the outset whether you have any information on that subject?

Mr. North. Mr. Nields, I respectfully decline to answer that question based on my Fifth Amendment rights against self-incrimination.

Mr. Cheney. Colonel North, I hereby communicate to you an order issued by the United States District Court for the District of Columbia at the request of the House Select Committee to Investigate Covert Arms Transactions with Iran, providing that you may not refuse to provide any evidence to this committee on the basis of your privilege against self-incrimination and providing further

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that no evidence or other information obtained under the order or any information directly or indirectly derived from such evidence may be used against you in any criminal proceeding.

Chairman Inouye. We are hereby communicating to you a similar order obtained by the Senate Select Committee; and on behalf of this committee, we join in the direction to you, sir.

Mr. Cheney. Colonel North, I therefore direct you to answer the questions put to you.

Mr. Sullivan. One clarification for the record so that it is clear. We have requested that all proceedings be open. We are agreeable to this short executive session being closed but do not waive our future rights.

Secondly, the Colonel is here pursuant to the compulsion of subpoena.

Thank you.

Mr. Cheney. Mr. Nields?

Mr. Nields. For the sake of convenience only, I will be referring to the use of the proceeds of arms sales to Iran for the support of the Nicaraguan Resistance as the diversion or a diversion. Is that understood?

Mr. North. Yes, it is.

Mr. Nields. Do you have any information with respect to the President's knowledge of the diversion; and I'm referring now to his knowledge prior to November 24, 1986?

Mr. North. Yes. I never personally discussed use of the residuals or profits from sale of weapons to Iran and the assistance therefor derived for the Nicaraguan Resistance with the President. I never raised it with him and he never raised it with me during my tenure at the National Security Council staff.

Throughout, I assumed that he knew. I sought approval by presenting these proposals to Admiral Poindexter; and he subsequently authorized me to proceed. I assumed that Admiral Poindexter had solicited and obtained the President's approval for those actions.

To my recollection, Admiral Poindexter never told me that he met with the President on this specific issue or that he had discussed the use of residuals or profits for use by the contras or the Nicaraguan Resistance with the President or that he got the President's specific approval for these activities; but throughout, I assumed that all these things had occurred.

No other person ever told me that he or she ever discussed the use of the residuals or profits from the sale of these arms to the use of the Nicaraguan Resistance or their support with the President.

In late November 1986, two other things occurred which relate to this issue. On or about Friday, November 21st,

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I asked Admiral Poindexter pointedly, "Does the President know?"

And he told me, "No, he did not."

And on November 25th, after I had left the White House and been reassigned to the Marine Corps, a telephone call from the President. In the course of that telephone call, the President said to me, "I just didn't know," or words to that effect. Those are the facts as I know them or as relayed by others to me on this issue.

There is one other matter which I would raise or should raise by way of clarification. After a meeting in the summer of 1986, at which we discussed the $100 million authorized and appropriated by the Congress but not yet forwarded to the President, and therefore not yet available to the Resistance, on leaving a meeting at which the President had been present, I said to Admiral Poindexter, "It looks," -- words to the effect that "It looks like the Ayatollah will have to help the Resistance in Nicaragua a little bit longer," or words to that effect.

I do not believe that the President overheard that comment. It was not intended for him. It was intended for Admiral Poindexter.

Those, sir, are the facts as I know them.

Mr. Nields. I have a few specific follow-up questions, Colonel North.

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You testified about a conversation with the President on November 25th in which he said, "I just didn't know." Was the diversion mentioned during that conversation?

Mr. North. The word "diversion" was not mentioned. I assumed from the conversation that the President was referring specifically to the fact that he did not know about the fact that funds generated as a consequence of the sale of arms materiel to Iran had been used to support the Nicaraguan Resistance.

Mr. Nields. But I take it from your testimony that that was an assumption; that subject matter was never specifically discussed by either of you during the conversation?

Mr. North. The specific subject was not discussed, Mr. Nields, but the whole conversation dealt with my departure from the NSC. And the case thereof.

Mr. Nields. Just so we are clear, did either the President or you make any reference during the conversation to the use of the proceeds of the arms sales for the Nicaraguan Resistance?

Mr. North. No.

Mr. Nields. But you understood in the context of the situation that the words "I just didn't know" referred to the diversion?

Mr. North. It was very clear to me that what the President was referring to was the fact that I --

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Admiral Poindexter and I had left or been relieved, reassigned as a consequence of the fact that he did not know about the use of those funds to support the Nicaraguan Resistance.

Mr. Nields. Other than that coversation, did you ever personally discuss the diversion with the President?

Mr. North. I did not.

Mr. Nields. Were you ever present when that subject was discussed with the President?

Mr. North. I was not, aside from that one conversation I had with the President on the 25th.

Mr. Nields. Has anyone ever told you that the President was aware of the diversion?

Mr. North. No.

Mr. Nields. Have you ever discussed the subject of the President's awareness of the diversion with anyone?

Mr. North. I have discussed it with Attorney General Meese.

Mr. Nields. When was that?

Mr. North. On the 23rd of November, 1986.

Mr. Nields. Prior to that date had you ever discussed that subject with Attorney General Meese?

Mr. North. I had not.

Mr. Nields. Anyone else?

Mr. North. Obviously Admiral Poindexter.

Mr. Nields. That was on November the 21st?

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Mr. North. Yes, and perhaps for a period of time thereafter before I --

Mr. Nields. Had you ever discussed the subject of the President's knowledge of the diversion with Admiral Poindexter prior to November 21st?

Mr. North. Not that I recall.

Mr. Nields. Did you discuss that subject with anyone else?

Mr. North. At any point in time?

Mr. Nields. Let's limit it to prior to November 24th, 1986.

Mr. North. Not that I recall.

Mr. Nields. Did you ever create any documents that may --

Mr. North. If I may, let me, just to clarify. You just said ever prior to November 24th. There was the issue of a discussion I had with General Secord in which I related to him that I had joked about it with the President. But I have already discussed that.

Mr. Nields. Did you tell General Secord that you had joked about the Ayatollah funding the contras with the President?

Mr. North. Again I may have joked with him. I don't deny that. I am simply saying I don't recall that discussion with him, but I may well have joked with him about that

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aspect of it, yes.

Mr. Nields. Why would you joke with General Secord or why would you tell General Secord that you had joked with the President about the diversion if it wasn't true?

Mr. North. To keep him more enthusiastically engaged. He was tired, frustrated. To keep him engaged in the activity.

Mr. Nields. Did you discuss the subject of the President's knowledge of the diversion with anyone else prior to November 24, 1986?

Mr. North. Not that I recall, no.

Mr. Nields. Did you create and send up the line, so to speak, documents which made reference to the use of the proceeds of Iran arms sales for the benefit of the Nicaraguan Resistance?

Mr. North. Yes, I did.

Mr. Nields. On how many occasions?

Mr. North. My recollection is that it would have been five, perhaps six times.

Mr. Nields. And what occasioned your writing these documents and sending them up the line?

Mr. North. Each time we had a proposal for transaction from the Iranians, as a consequence of our meetings with them, I would prepare a description of how the transaction would take place, the consequences of it, and send those memos up to Admiral Poindexter.

Mr. Nields. And did these memos seek the President's approval?

Mr. North. My recollection is that the memo would have had an approval, disapproval recommendation line on it asking for -- that the President approve this activity, words to that effect.

Mr. Nields. This would be a line where one could either check approve, or disapprove?

Mr. North. Admiral Poindexter could indicate approve or disapprove. That is correct.

Mr. Nields. That is approved or disapproved by the President?

Mr. North. No. I want to be specific. For example, the line -- the recommendation line might read that you discuss the activity proposed above with the President and seek his approval. Then below that there would be approve, disapprove, two spaces for an initial or a check.

Mr. Nields. Did those memoranda -- I take it you sent those up the line, so to speak, to Admiral Poindexter.

Mr. North. It is my recollection that I did, yes.

Mr. Nields. And did they come back?

Mr. North. I cannot recall specifically that those memoranda came back to me directly; but that would not have been unusual under those circumstances, that this is

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a -- was a very sensitive, very closely compartmented activity, but I always got an approval from the Admiral either verbally or otherwise, proceed before the transaction took place.

Mr. Nields. And I take it three of these transactions did take place?

Mr. North. That is correct.

Mr. Nields. And you received approvals before they went forward?

Mr. North. Yes, I did.

Mr. Nields. Did any of these memos come back?

Mr. North. Again, I do not recall specifically seeing the memos come back to me with the boxes checked or initialed by the Admiral.

Mr. Nields. What is your best recollection on that subject?

Mr. North. I simply don't recall. They may well have. It is entirely possible that they didn't.

Mr. Nields. Did you ever see any other documents either created by you or some other person that made reference to the diversion?

Mr. North. There were documents at the Central Intelligence Agency, prepared by officers of the Central Intelligence Agency.

Can I ask a question, if I may?

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Mr. Cheney. Colonel, if I may, at this point anything that is classified, discussed in this setting would be deleted before there would ever be a release of the transcript.

Mr. North. I was concerned about the names.

There were memos prepared at the Central Intelligence Agency beginning in the late summer, early fall which related to information obtained by the Central Intelligence Agency reflecting that monies raised as a consequence of these arms transactions were indeed being used to support the Nicaraguan Resistance.

Mr. Nields. Do you have any reason or do you have any knowledge or information on the subject whether those memoranda or any of those writings ever were brought to the attention of the President?

Mr. North. I do not know.

Mr. Nields. Did you -- are there any other documents of which you are aware that made reference or made reference to the diversion?

Mr. North. Not that I know of.

Mr. Nields. Did you ever discuss the subject of the President's knowledge of the diversion with Director Casey?

Mr. North. I do not recall addressing that issue with the Director, no.

Mr. Nields. Did you ever discuss the subject of the

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President's knowledge of the diversion with Mr. McFarlane?

Mr. North. Not before the -- my recollection is that the issue of the residuals or profits being used to support the Nicaraguan Resistance as a subject was discussed with Mr. McFarlane during May of 1986. At that time, we did not raise the issue -- neither of us raised the issue of whether or not the President had approved it. I believe that subsequent to my discussion with the Attorney General on the 23rd of November, I talked to Mr. McFarlane, as I did to Admiral Poindexter, and told them what I had told the Attorney General. And part of what I told them was that the Attorney General had asked me about the President's knowledge and I told them that I told him I had no idea whether or not the President knew about it. That he didn't know about it from me.

Mr. Nields. Did you have any other discussions with Mr. McFarlane on the subject of the President's knowledge of the diversion?

Mr. North. I don't think so.

Mr. Nields. Did you have any conversations with Mr. Regan on the subject of the President's knowledge of the diversion?

Mr. North. No.

Mr. Nields. Did you have any discussions with Paul Thompson on the subject of the President's knowledge of the diversion?

Mr. North. I don't believe I did, but it is entirely possible that Mr. Thompson, Commander Thompson, excuse me, was present during one of the discussions I had with the Admiral on, for example, the 21st or the 24th, the day before I departed the NSC.

Mr. Nields. Prior to the 21st of November, 1986, did you ever discuss the subject of the President's knowledge of the diversion with Mr. Thompson?

Mr. North. I don't believe I did, no.

Mr. Nields. Did you ever discuss the subject of the President's knowledge of the diversion with Mr. Earl or anyone else on your staff?

Mr. North. My sense is that I probably did on the day that I departed the NSC and I've had my memory refreshed on a discussion which I had with him then related to the telephone call, but I don't recall any other discussions with Lt. Colonel Earl or Commander Coy or Ms. Hall or Ms. Browne on that issue.

Mr. Nields. Would you describe the conversation that you now do recall with Mr. Earl on that subject?

Mr. North. Well -- and again my recollection is still very hazy on it but I have been refreshed that I told Commander -- Lt. Colonel Earl that the President had called me, related the conversation as it had occurred, and told

Colonel Earl what the President said. "I just didn't know," or words to that effect.

Mr. Nields. Did you have any conversations on the subject of the President's knowledge of the diversion prior to November 24, 1986 with anyone else?

Mr. North. Well, Admiral Poindexter, but aside from that --

Mr. Nields. Yes. We have covered Admiral Poindexter. We have covered Attorney General Meese.

Mr. North. Not that I recall.

Mr. Nields. No further questions, Mr. Chairman.

Mr. Cheney. Mr. Liman?

Mr. Liman. No questions. Thank you, Mr. Chairman.

Mr. Cheney. Mr. Van Cleve?

Mr. Van Cleve. No questions. Thank you, Mr. Chairman.

Mr. Cheney. Senator Inouye?

Chairman Inouye. You better get the designated questioners.

Mr. Cheney. Any further questions from any member of the panel?

Mr. Mitchell. No questions, Mr. Chairman.

Mr. Rudman. No questions here, Mr. Chairman.

Mr. Trible. No questions, Mr. Chairman.

Mr. Cheney. Then the session is completed. The committee stands adjourned.

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The committee will reconvene at 9 a.m. on July 7, Russell Senate Office Building, to take public testimony from Colonel North. He is instructed to return at that time.

Mr. North. Yes, sir.

(Whereupon, at 6:45 p.m., the select committees adjourned, to reconvene at 9:00 a.m., on Tuesday, July 7, 1987.)

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UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF WILLIAM B. O'BOYLE

Washington, D.C.

Friday, May 8, 1987

Deposition of WILLIAM B. O'BOYLE, called for examination pursuant to subpoena, at the Hart Senate Office Building, Suite 901, at 10:30 a.m., before Michael G. Paulus, a notary public in and for the District of Columbia, when were present on behalf of the respective parties:

THOMAS FRYMAN, ESQ.
Assistant Majority Counsel
KENNETH R. BUCK, ESQ.
Assistant Minority Counsel
United States House of Representatives
Select Committee to Investigate
Covert Arms Transactions with Iran

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- continued -

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2A of 2

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by D. Sirko, National Security Council

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JAMES KAPLAN, ESQ.
Associate Counsel
United States Senate Select
Committee on Iran and the
Nicaraguan Opposition
BERT HAMMOND

On behalf of the witness:
GUSTAVE H. NEWMAN, ESQ.
DEBORAH A. SCHWARTZ, ESQ.
Gustave H. Newman, P.C.
641 Lexington Avenue
19th Floor
New York, New York 10022

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P R O C E E D I N G S

Whereupon,

WILLIAM B. O'BOYLE

was called as a witness and, having been first duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. FRYMAN:

Q Would you state your name for the record, please?

A My name is William Buchanan O'Boyle.

Q Where do you reside, Mr. O'Boyle?

A [redacted] New York, New York.

Q How long have you lived in New York?

A I have lived in New York since late 1969.

Q Where did you obtain a college degree?

A Stanford University.

Q In what year?

A 1968.

Q Did you attend any graduate school?

A Yes.

Q Where?

A I attended New York University and Columbia

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University.

Q What fields did you study at those universities?

A Including Stanford?

Q Let's start with the graduate schools.

A I studied drama performance studies at New York University, business at Columbia University. I am currently studying cinema studies at the New York University.

Q Did you obtain a degree at either of the universities in New York?

A Yes. A master of arts from New York University and a master of science from Columbia University.

Q What is your occupation at the present time?

A I am independently wealthy and I own and manage an oil and gas exploration firm.

Q And you manage your other investments?

A Yes.

Q Did there come a time when you received a solicitation for a contribution from a representative of the National Endowment for the Preservation of Liberty?

A I was contacted by the National Endowment. I am not quite sure to say whether I received a solicitation or

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not.

Q When was the first contact?

A It was in late March of 1986.

Q Who contacted you?

A It was Jane McLaughlin.

Q How did she contact you?

A By telephone.

Q Do you know the person that referred her to you?

A Yes.

Q Who was that?

A His name is Searcy Ferguson.

Q Who is Mr. Ferguson?

A He is an old acquaintance, friend from Dallas, Texas, which is my home town.

Q Did you know in advance of her call that you would be receiving a contact from the National Endowment, or as it is often referred to, NEPL?

A No.

Q Can you identify the date when this first contact occurred?

A My appointment book is currently in the hands of the special prosecutor's office. We don't have copies

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yet. They are going to supply us copies. But I can tell you approximately. It was approximately March 26th to 28th of 1986.

Q In that first telephone call what did Ms. McLaughlin say to you?

A She told me that she had gotten my name from Mr. Ferguson in Texas. She asked me if I would like to come down to the White House for a briefing on the political and military situation in Nicaragua. That's it.

Q Did she ask for a contribution in this first telephone call?

A I don't think so. No.

Q Did she say anything about the fund-raising efforts of her organization?

A I believe she described her organization as an organization which supported the contras. I understood at that time that the organization did raise money.

What was your question again, please?

Q Did she say anything about the fund-raising efforts of the organization?

A I don't recall specifically.

Q Had you heard of the organization before this telephone call?

A No.

Q What did you say in response to Ms. McLaughlin's comments?

A When she invited me to come down to the White House, I was interested.

Q Did you say you would come?

A Yes.

Q Did you express any views in this conversation about the situation in Nicaragua?

A I don't remember specifically.

Q At that time, in March of 1986, what were your views with respect to Nicaragua?

A I was alarmed at the fact that the communists had gained a foothold in Central America, on the South American continent.

Q Did you favor an active military response to the communist foothold that you saw there?

A By the United States, do you mean?

Q Let's say by the resistance in Nicaragua. Did you favor an active military response by the resistance within the country?

A Yes.

Q Did you favor United States support for that?

A Yes.

Q Including support of military equipment?

A Yes.

Q Did you receive any written invitation to this meeting at the White House?

A No.

Q So the only invitation was the oral invitation to come down the day after the telephone call?

A Yes.

Q What arrangements did she make after you arrived in Washington? Where were you to go? What did she tell you in the phone call?

A As I recall, she arranged to meet me at the airport. I think she also asked for my social security number for clearance into the White House area.

Q Which airport did you fly into?

A As I recall, it was National. I came down on the shuttle.

Q She met your plane?

A Yes.

Q You had not met her before; is that correct?

A That's correct.

Q How did you recognize her?

A I think she told me what she would be wearing. She described herself and told me what she would be wearing.

Q How did you travel into Washington from the airport?

A There was a limousine that she arrived in and brought me back into Washington.

Q The two of you went into Washington in the limousine?

A Yes.

Q Where did you first go in Washington?

A To the Hay-Adams Hotel.

Q Was this in the morning or the afternoon?

A In the afternoon.

Q What happened after you went to the Hay-Adams Hotel?

A As I recall, there were a number of people from NEPL and a few other potential contributors there at the hotel, and we rendezvoused there at the hotel.

Q Were you in a meeting room at the hotel?

A If I recall, it was upstairs. There is a kind of private dining area on the mezzanine level.

Q Who do you recall was there from NEPL?

A I believe Mr. Channell was there. Of course Ms. McLaughlin was there. I don't recall any other specific person that was there.

Q Was Mr. Conrad there?

A I don't remember.

Q Was Mr. Littledale there?

A Possibly.

Q Do you know Mr. Littledale?

A I have his name noted in my appointment book, but I can't place the face. I did meet a Mr. Littledale.

Q Was Mr. Smith there?

A I don't know.

Q Were there any representatives of International Business Communications there?

A Yes.

Q Which representatives?

A I think it was Mr. Littledale. There was another name which I had noted down in the appointment book

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which is now in the hands of the special prosecutor.

Q Was Mr. Miller there?

A I don't think so. Not at that time.

Q Did you believe Mr. Littledale was an IBC employee or a NEPL employee?

A As I recall, there were a couple of people from IBC there. I don't know what IBC was except a consulting group. I was told it was a consulting group. Actually, I believed that they were government agents.

Q Have you ever met Mr. Frank Gomez?

A The name doesn't ring a bell.

Q Have you ever met David Fischer?

A Not to my knowledge.

Q Have you ever met a Jeffrey Keffer?

A Not to my knowledge.

Q You say there were some other contributors also present in the private meeting room at the Hay-Adams that afternoon. Which contributors were there that you recall?

A I don't recall their names. There were one or two other people there who I understood were to attend the briefing, but I don't recall their names.

Q What was the total size of the group in the

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meeting room?

A It was approximately half a dozen to ten people. Around ten people.

Q How long did the group remain at the Hay-Adams in the meeting room that afternoon?

A To my recollection, it was about half an hour. Not very long.

Q Would you describe this as a get-acquainted session?

A Yes, and a rendezvous prior to going over to the Old Executive Office Building.

Q Did anyone make any statement or speech to the group?

A No.

Q How were you introduced to Mr. Channell?

A I don't recall exactly. He was there. I don't recall exactly what was said.

Q Did Ms. McLaughlin introduce you to Mr. Channell?

A I believe so.

Q Were you introduced to the other contributors?

A Yes.

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Q I believe you said that you went from the Hay-Adams to the Old Executive Office Building.

A Yes.

Q Did you walk over in a group?

A Yes.

Q Did Mr. Channell lead the group?

A Yes.

Q What happened after you got to the White House grounds.

A I am taking the Old Executive Office Building to be part of the White House.

Q Yes.

A We went through security at the front door, and then we went up to a conference room. I don't recall the room number, but I believe it was upstairs in the building.

Q Approximately what time did you arrive there?

A It was about five or six in the evening.

Q Did all of the group that was at the Hay-Adams go over to the Old Executive Office Building?

A Most of it did. I wasn't keeping count.

Q But it was your sense that basically the group transferred from the Hay-Adams to the OEOB?

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A Yes.

Q What happened after you arrived at the OEOB?

A We waited in the conference room for a short period of time and then Lieutenant Colonel North arrived.

Q Was anyone with him?

A Not to my recollection, although he was assisted at some point by what I took to be an aide who brought in some materials or helped him with the slide projector machine.

Q Had you met Colonel North before?

A No.

Q Were you introduced to him at this conference room?

A Yes.

Q Was he introduced to all of the participants?

A Let me withdraw my answer. I am not sure whether we were introduced or not. I think he was introduced to us, but I am not sure if we were introduced to him, I don't really recall that.

Q Who introduced Colonel North to the group?

A I believe it was either Mr. Channell or Ms. McLaughlin.

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Q Do you recall what was said in this introduction?

A Not specifically. No.

Q Can you give me a general sense of what was said?

A This was Lieutenant Colonel Oliver North who was with the National Security Council, who was going to give us a presentation on the political and military situation in Nicaragua.

Q Had you heard of Colonel North before the meeting?

A No. Ms. McLaughlin may have mentioned his name to me on the phone when she invited me to come down. I think she did, but I had never met him and I didn't know who that was.

Q You hadn't read his name in the press before?

A No.

Q You weren't familiar with his name prior to your conversation with Ms. McLaughlin?

A That's right.

Q Approximately how long was the introduction of Colonel North?

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A Only a few seconds.

Q And then Colonel North spoke?

A Yes.

Q Approximately how long did he speak?

A About half an hour or 45 minutes.

Q Did anyone else speak other than Colonel North at this meeting?

A No.

Q You mentioned an aide that was with Colonel North. What did the aide do?

A As I recall, there was some problem with the slide projecting machine, or perhaps he had brought the wrong slides. I can't remember. There was some initial problem in getting set up. As I recall, he telephoned an aide who came up and assisted him in setting up the presentation. The aide then left.

Q I take it from your answer that a part of his presentation was the showing of slides.

A Yes.

Q Would you describe his presentation to the group? What did he say? What sort of slides did he show?

A The basic theme of his presentation was the

Russian influence in Nicaragua and the fact that the Nicaraguan government was really an arm of the Russians or an arm of an organized communist effort to gain a further foothold on the American continent.

He described, for example, an airfield that had been built, that was built with Eastern Bloc aid. It was disguised as a civilian airfield but was in fact a military airfield. He indicated that that is the airfield that the Russians would use to recover their Backfire bombers in case of an atomic war with the United States; given that they wouldn't make it all the way back to Russia, they could recover their bombers in Nicaragua.

I think he indicated that there were missions currently being flownout of Cuba, Russian missions up the East Coast of the United States. Some kind of large Russian aircraft that flies just outside the 12-mile limit every day, up and back. There was some kind of a large device on the outside. Nobody knows what is inside the device, whether it's a weapon or surveillance equipment of some kind. Our jets fly right along with it and back again. He said this airfield would allow them to fly the same kind of missions up the West Coast as they are now

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flying up the East Coast.

He indicated that there was a massive effort underway to enlarge the harbors of Nicaragua and that this was all being done with Eastern Bloc aid of one kind and another.

[redacted]

He showed photographs of what appeared to be cabinet level Nicaraguan government officials involved in dope smuggling operations. He indicated that the Nicaraguan government activities were to some extent financed by involvement in the drug trade.

He talked about the refugee problem that was beginning to be experienced by the neighboring countries around Nicaragua and described the potential for a massive refugee problem as the communists began to take over more and more in Central America; how typically when a communist government takes over somewhere between 10 and 20 percent

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of the population leaves the country, and that would mean that there would be millions and millions of refugees coming into the United States and other neighboring Central American countries from Nicaragua and other nearby countries as the communists took over.

He indicted that the military equipment that was being supplied to the Nicaraguans by the Cubans and the Russians and the various other people who were supplying them was not merely defensive equipment but was offensive in nature, was the kind of equipment that could be used to expand past Nicaragua.

I forget the exact details, but I think there were a couple of covert Nicaraguan agents who were caught in a nearby country who were disguised as Americans. I think they had drugs in their car and they were on their way somewhere on a secret mission for the Nicaraguan government; that they had American identification on them; and they were made to look like American agents but they were in fact Nicaraguan agents.

As I recall, those are the highlights of his presentation.

Q What slides did he show?

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A The one I remember in particular was the photograph of one of the ministers of Nicaragua involved in the dope smuggling operation at the airport, involved with a group of people who were loading drugs on an airplane. I don't specifically recall other slides. There were a number of slides and maps and satellite photographs.

Q Did he talk any about the resistance activities in Nicaragua?

A Yes.

Q What did he say about that?

A I don't recall the specifics of what he said. The substance of what he said was that they were having a difficult time because of the intermittent supply of funds from the United States.

Q Did he discuss any specific needs of the resistance fighters?

A I think he described some hospital needs. As far as I recall, at that time he didn't discuss other needs. As I recall, at that time he also described the recent arrival in Nicaragua of the Soviet HIND helicopter gunships, which were making life even more difficult and dangerous for the resistance fighters.

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Q Did he comment in any way about a possible response to the HIND gunships?

A Not at that time, as far as I recall.

Q Were there any questions from any of the contributors?

A Yes.

Q What questions do you recall?

A I don't recall what the questions were.

Q Did anyone ask "how can we help?" in substance?

A Not at that time.

Q Most of Colonel North's comments that you have described concern a serious problem in Nicaragua and various aspects of the problem. What did he comment in the way of a possible solution to the problem?

A As I recall, there was some talk about the congressional vote on resuming aid to the contras. As far as I recall, he didn't propose a solution at that time.

Q Did Mr. Channell make any comments either during Colonel North's remarks or after Colonel North's remarks while you were in the conference room?

A Not that I recall.

Q How did the meeting conclude?

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A After a brief question period at the end of the presentation Colonel North left and the rest of us left.

Q Where did you go?

A We went back to the Hay-Adams.

Q Approximately what time was it at this point?

A I don't recall exactly. I'd say between six and seven in the evening.

Q What happened after you got back to the Hay-Adams?

A There was a cocktail party for this group that had been to the presentation.

Q Did anyone else attend the cocktail party?

A I recall Mr. Miller was there.

Q Is that Richard Miller?

A I don't recall his first name. The one who recently pled guilty to, I think, conspiracy charges.

Q That is the Mr. Miller of International Business Communications, or IBC?

A Yes.

Q Was the first time you believe you met Mr. Miller at the cocktail party?

A I think so, yes.

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Q Who introduced you to Mr. Miller?

A I don't recall. It was just a group of people and everyone was being introduced to everyone else. So I don't recall exactly how I was introduced.

Q Other than Mr. Miller, did anyone else attend the cocktail party who had not been at the briefing or the afternoon meeting at the Hay-Adams?

A I seem to remember a woman named Angela who worked for NEPL.

Q Would that be Angela Davis?

A I don't know her last name.

There may have been one or two other people there. I don't recall specifically.

Q How long did the cocktail party continue?

A Half an hour. Something like that. Forty-five minutes.

Q You remember Mr. Miller and Angela and the group that had been there in the afternoon.

A Yes.

Q Anyone else?

A In my notes I had the names Cliff Smith and Kris Littledale, Spitz Channell, Dan Conrad written down. Those were all people that I met. Again, I don't specifically recall whether they were all there before the presentation and after, or whether maybe some had come after and hadn't been there before.

Q You said, in your notes. Did you make contemporaneous notes of the meeting that you attended in Washington in March 1986?

A With Colonel North, you mean?

Q Both with Colonel North and the meeting at the Hay-Adams. You indicated your notes indicate that you had met Mr. Conrad, Mr. Littledale, and so forth.

A They weren't extensive notes. I simply noted the names of a couple people that I had talked to, that I wanted to remember in my appointment calendar. I didn't make an outline of what was discussed at the meeting or anything like that.

Q Is this a calendar that you carry in your pocket?

A Yes.

Q So when you would meet people you would note their name in the book?

A Yes. If I wanted to remember their names, I

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would note them down.

Q That is the book that you have given to the independent counsel?

A Yes.

Q And you don't have a copy of that now?

A Not now.

Q Did Colonel North attend the cocktail party?

A No.

Q What do you recall were the subjects that were discussed at the cocktail party?

A Of course everyone was talking in one way or another about the presentation. At a certain point during the cocktail party I indicated that I wished that there was some way to supply arms to the contras.

Q To whom did you say that?

A I think it was to either Cliff Smith or Kris Littledale. Without seeing a picture, I couldn't remember who it was that I first mentioned it to, but these are the names that I have.

Q Prior to this cocktail party, Mr. O'Boyle, had you given any indication to Ms. McLaughlin or anyone else in NEPL that you were prepared to make a contribution?

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A No.

Q Did you indicate during the cocktail party that you were prepared to make a contribution?

A Yes. Let me rephrase that. I didn't commit myself at that point, but I indicated that I was interested.

Q What did you say and to whom did you say it?

A That is what I was just describing. My indication to either Mr. Smith or Mr. Littledale was that I would like to be able to help the contras by supplying arms of some kind, and I asked if there was some way to do that.

Q Did you mention a dollar figure?

A A dollar figure was discussed but in the context of a specific weapon.

Q What was the dollar figure?

A $20,000.

Q What was the weapon?

A A Blowpipe antiaircraft missile.

Q Who mentioned this type of weapon?

A It was the person that I brought the subject up with. In other words, I said is there something that can be done, is there some way to contribute. I don't recall

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the exact words, but I indicated a willingness to contribute and a curiosity as to how much was needed and how much these different kinds of weapons cost, and I got the information back from this person that, for example, for $20,000 you could buy a Blowpipe antiaircraft missile. That's the general trend of the conversation.

Q And you believe that was with Mr. Smith or Mr. Littledale?

A I think so, yes.

Q Do you recall prior to this cocktail party a discussion of a contribution of $10,000 to NEPL?

A I received from NEPL at some point their package of material. I don't recall when it was. There may have been sort of a general request in their standard mailing, you might say, that I am not aware of at this particular time. But as far as I remember, prior to this discussion I have just described there was no discussion of a specific amount.

As we are talking about it it is starting to come back a little bit. I seem to remember Ms. McLaughlin saying something about contributors who are willing to give at least $10,000, something like that, and that I might

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fall into that category, but I don't recall specifically when that was said or exactly what was said.

Q Your telephone conversation with Ms. McLaughlin was the day before the meeting; is that right?

A Right.

Q You recall there was at least some discussion of a $10,000 contribution in that telephone conversation?

A I remember something about a discussion of a $10,000 contribution. It's a very vague recollection. I don't recall exactly when it was said.

Q But it was a conversation with Ms. McLaughlin?

A Again, this is a hazy recollection, but I think so.

Q And it could have been in the telephone conversation?

A Yes.

Q Or it could have been in your meeting with her in the limousine?

A Yes. As I recall, and this is very indistinct, I think she might have said something along the lines that they were looking for people who could give at least $10,000, or something like that. It wasn't so much a

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direct pitch for a specific contribution; it was more that they were looking for a general category of contributors.

Q Was this, then, the general category that would be invited to the meetings at the White House?

A I think so. But again, this is a very hazy recollection of a very brief discussion. So I'm not sure.

Q Other than your discussion at the cocktail party with Mr. Smith or Mr. Littledale about the missile with a price of $20,000, did you have any other discussions during the cocktail party with respect to military support for the contras?

A I must say, honestly I don't remember specifically during the cocktail party. The general theme, I can say, was about military support for the contras. Mainly whether Congress was going to approve military support for the contras. So that was being talked about.

Q Did you talk with Mr. Channell during the cocktail party?

A Yes.

Q What did Mr. Channell say that you recall?

A Nothing that I can recall. There were no substantive conversations. It was just a cocktail party

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and socializing.

Q How long did the cocktail party continue?

A Half an hour or 45 minutes.

Q What happened after the cocktail party?

A I had not originally been planning to stay for the evening. I was going to go back to New York after this presentation. I think it was during the cocktail party that Mr. Channel pressed me to stay, and I agreed to stay for dinner, which was following the cocktail party, and then overnight rather than rush to get back to New York that evening. Either he or Jane McLaughlin indicated that they had gone ahead and made reservations for me right there at the Hay-Adams.

Q Do you remember if this urging by Mr. Channell for you to stay for dinner and overnight occurred after your discussion with Mr. Smith or Mr. Littledale about the missile?

A I don't remember if it was before or after.

Q Did a dinner then follow the cocktail party?

A Yes.

Q Where was that held?

A Right there in the same place.

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Q Same room?

A I can't remember whether it was exactly the same room or not, but it was right there in the Hay-Adams.

Q Were there a number of small tables in the room, or did everyone sit at one table?

A There were a number of small tables.

Q How many people were at your table?

A As I recall, there were six, including myself. There may have been eight, but I think it was six.

Q Do you recall who sat next to you?

A Mr. Miller sat next to me.

Q Did Mr. Channell sit next to you?

A No. I don't recall the names of the other people.

Q Did Ms. McLaughlin sit at your table?

A I don't think so.

Q How would you describe the appearance of Mr. Miller, his height, hair color, and so forth?

A He's medium height, I would say, between 5-10 and 6 feet tall, blond hair, somewhat strikingly blond hair, which is combed back. I would say he is in his early 30s, medium build, neither heavyset nor slim.

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Q During the dinner or after the dinner did anyone make a speech?

A Not that I recall. After the dinner there was a presentation. Not exactly a speech.

Q Who made that and what was it?

A There were television commercials that were being produced by NEPL or funded by NEPL, and they were in support of the contras. A number of these television commercials were shown to the group.

Q Did Mr. Channell give any comments on the commercials?

A Someone did. I don't recall whether it was Mr. Channell or Mr. Miller or someone else in that group. But there were some comments that were made.

Q What were the comments?

A As I recall, along the lines of urging the people present to fund the airing of these commercials. I remember one particularly dramatic fact was that the photographer who took some of the footage for one of the commercials had been killed shortly after he had taken the footage, because it had been taken inside Nicaragua and when he had been discovered by the Nicaraguan authorities

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he had been killed.

Q How many commercials were shown?

A I think it was three or four.

Q What was the subject matter of the commercials that you saw?

A As I recall, they were different slants on support of the contras in one respect or another.

Q Were you told the purpose of the commercials?

A To drum up support for the resumption of funding for the contras.

Q Was this to be support in Congress for the resumption of funding?

A Grass roots support for the support of the contras.

Q Were you told that these commercials were going to be directed to any particular media markets?

A I don't really remember if that was discussed.

Any particular places that they were to be shown, you mean?

Q Yes.

A Not that I remember.

From my notes here, areas of legislators who

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were opposed to the contras.

MR. NEWMAN: Just so the record is clear, they are not his notes.

THE WITNESS: My counsel's notes.

I don't recall whether this is an inference on my part or whether this was actually said, but my understanding was to go to those areas where there was a lack of support for the contras and to put these commercials in there.

BY MR. FRYMAN:

Q During this dinner were contributions sought for that purpose?

A As I recall, yes.

Q By whom?

A By NEPL as an organization. I seem to remember some printed material that asked for a minimum contribution of $30,000. I don't recall if there was a person who actually made that pitch.

Q And this was to be used, you understood, to fund these television commercials that were shown after the dinner?

A Yes.

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Q That was the purpose of the contribution pitch in the printed material?

A Yes.

I should say that in my counsel's notes I have in areas where there were legislators who were not in support of the contras, to place the commercials there to influence them to support the contras.

Q Were there any particular legislators mentioned or any particular districts mentioned?

A Not that I recall.

Let me put that another way. I think there may have been some mentioned, but I don't recall who they were.

Q Who mentioned them?

A I don't remember.

Q Would it be Mr. Channell?

A I really don't remember which one of the group might have mentioned them.

Q During the dinner did Mr. Channell come to your table and speak to you at any point?

A Yes.

Q What did he say?

A This was near the end of the dinner. I think it

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may have been before the presentation of the commercials. He came over and he said that he understood that I had offered to possibly make what they considered a large contribution with the intent of supplying arms of some kind to the contras. He said that there was a small group of people in the United States that made this kind of contribution. He indicated perhaps I might want to join this group or become one of this small group of people that in effect supported the President's desire to support the contras in this way. He asked if I would meet with him and Colonel North again in the morning for breakfast.

Q What did you say?

A I said I would meet with them.

Q When he made these comments to you did he come to your table and sit down in an empty chair, or did he come next to your chair and stand and make these comments to you? Physically what was the arrangement?

A As I recall, there was an empty chair. I think it may have been the chair that Mr. Miller had previously occupied. Toward the end of the dinner people were moving around a little bit. He pulled the chair up and slid over next to me and said this out of earshot of anyone else.

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Q Did he identify any of the other contributors that were in this special group?

A Not at that time.

Q Did he later?

A Yes.

Q Who did he identify later?

A He mentioned one of the Hunt brothers of Texas, the well known oil millionaire Hunt brothers. I think it was Bunker Hunt. The name Ramsey was also mentioned in a later conversation. I don't recall whether it was Mr. Channell or Colonel North who mentioned him. There was a couple who was identified who had bought some radio equipment for the contras, but he didn't mention their names. He didn't identify them specifically.

Q Did he later identify the amount of contributions from Mr. Hunt?

A I seem to remember him mentioning a figure over a million dollars.

Q What about Mr. Ramsey?

A I don't think he mentioned specific amounts by Mr. Ramsey.

Q Did you know Mr. Ramsey?

A No.

Q Did you know Mr. Hunt?

A Members of my family know the Hunt family, because we're both from the same town and in some ways in the same business. I may have met him in the distant past, but I don't really know him.

Q Going back to the dinner at the Hay-Adams after the briefing, Mr. Channell invited you to breakfast the next morning with Colonel North and you accepted the invitation. What occurred that evening after this, that you recall?

A Nothing. After the presentation the NEPL group broke up. Everybody went their separate ways. I went to bed upstairs in the Hay-Adams.

Q Did you meet the next morning with Mr. Channell and Colonel North?

A Yes.

Q Anyone else present?

A No.

Q Where was the meeting?

A At the Hay-Adams, in the main dining room.

Q What time did you meet?

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A It was approximately eight in the morning.

Q How long did the meeting continue?

A I believe that Colonel North was there for about half an hour and then he left. As I recall, Mr. Channell was there before Colonel North arrived and after he left. I was with Mr. Channell perhaps a total of an hour to an hour and a half and with Colonel North for half an hour to 45 minutes.

Q Starting with your meeting with Mr. Channell before Colonel North arrived, what did Mr. Channell say?

A I don't recall specifically what he said. My general recollection is that it was something of a continuation of the discussion that we had the night before after dinner, which was that there was this small group of people who supported the President's wish to support the contras and were giving money for weapons and that I might join that group.

He also indicated that he had checked me out overnight. By that, I assume that he meant that it is possible using the government computer system to check somebody out pretty fast. I don't know whether this was a fund-raising ploy or whether this was for real, but I

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thought it was for real at the time. He said that this group consisted mainly of reputable people; it wasn't a group of just anybody; he said there were a lot of people who wanted to join the group, perhaps people with criminal records and whatever, but they wouldn't allow anybody like that in this group. I assumed by what he said that he meant he had checked me on some kind of a national security computer setup and found that I checked out.

Q Did he explain the reason you were going to be meeting with Colonel North?

A I don't know if he in so many words gave an explanation for the reason. My understanding was we were to continue this discussion about the supply of weapons to the contras.

Q How long was this discussion with Mr. Channell before Colonel North arrived?

A It was brief. I don't even know whether you would quite call it a discussion.

Q Five or ten minutes?

A Something like that. We were really waiting for Colonel North to come and talking briefly in the meanwhile.

Q What happened after Colonel North arrived?

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A As I recall, Mr. Channell indicated to Colonel North that I was willing to provide funds for the purchase of weapons and Colonel North began to give a detailed account of what were the weapons needs of the contras at that particular time.

Also, I should say Colonel North indicated that he personally could not ask for money, that he was not part of a fund-raising effort himself, that he was simply there, as I recall, to provide technical information. He made it very clear that he could not ask for money because he was working for the government.

Q Do you know what prompted that comment? Was that in response to some comment you made or Mr. Channell made?

A I don't think it was in response to a specific comment; it was more in response to the situation. Because there I was, considering giving money, and there was Mr. Channell and Colonel North there, and he wanted to make the relationship clear to me that he was not asking for money and that he could not ask for money as a representative of the United States Government.

Q You say he described the weapons needs of the

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contras.

A Yes.

Q Did he refer to any document?

A As I recall, he had a small notebook which he referred to from time to time.

Q Did he show you the notebook?

A No. He pulled it out and looked at it, but he didn't show it to me so that I could see what was written in it.

Q What needs did he identify?

A He indicated the contras needed several million rounds of NATO ammunition. I think it was called NATO 7 point something. It was a description of the kind of ammunition. I think at that point he also indicated that they needed another kind of ammunition, which was an Eastern Bloc type of ammunition. He explained that the contras often used Eastern Bloc weapons because that is the nature of counterinsurgency, to use the weapons of the group in power. He indicated that they needed antiaircraft missiles to shoot down the helicopter gunships that were being supplied by the Russians. And there was some discussion about different types of antiaircraft missiles.

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The terms "Blowpipe" and "Stingers" were mentioned.

Q Were any costs mentioned?

A Yes. The cost of the missiles were mentioned. The cost of Blowpipe missiles was mentioned as $20,000 each and you had to buy them in packs of ten. He also talked about a kind of aircraft that was needed, which were these Maule aircraft.

Q What was the purpose of the aircraft?

A As I understood it, there were two purposes. One was to resupply or to supply the contras with whatever supplies they might need by dropping the supplies out of the aircraft. The other was a kind of reconnaissance mission where they could fly along and undertake reconnaissance work. [redacted]

Q Was a price given for the planes?

A Yes. It was $65,000 each.

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[redacted]

Q What other types of military items did he describe?

A He talked about ammunition, antiaircraft missiles, the airplane. As far as I can recall, that's about it.

Q How long was Colonel North at the breakfast?

A About half an hour.

Q Then you continued to meet with Mr. Channell?

A Yes.

Q What happened after Colonel North left?

A The substance of what happened is that I told Mr. Channell that I would think all of this over and get back to him right away and let him know whether I wanted to go ahead and make a contribution or not.

Q You said that Colonel North stated that he could

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not request a contribution. Did Mr. Channell request a contribution after Colonel North left?

A I would say that this was more of an offer on my part. I don't know quite how you would describe it. I had been the one to say that I was willing to give money and Mr. Channell indicated, of course, that he was willing to receive it. I don't know quite whether you call it an offer or a solicitation.

Q You indicated an interest in becoming a part of the select group?

A Yes.

I am just reminded of something here. At some point, and I think it was at that meeting, or it may have been the evening before -- certain elements of these conversations, I can't recall whether they took place the morning after or the night before -- but Mr. Channell indicated to me that if one were to give as much as $300,000 that President Reagan would meet with the person who was giving the money and thank him for the contribution. The way he put, as I recall, was that he would spend 15 minutes alone with this person, spend a few minutes chatting with him, and by spending the time with him would indicate his appreciation for the extraordinary contribution that this person was making to national security.

Q Did he identify any persons who made such a contribution and had met with the President?

A He indicated that there were people who had met with the President. I don't think he named any names.

I also recall that at some point he mentioned that these meetings, if my recollection is correct, were not on the record.

Q What did you understand that to mean?

A That they were not logged in on the normal appointment calendars that the President keeps, the implication being that this was so secret that the President wanted to keep it so not everybody in the White House knew what was going on.

I am also reminded that Mr. Channell gave his home address for this contribution.

I don't recall the specific words or exactly what Mr. Channell said, but the substance simply was that I would go home, think this over, and then if I were to make a contribution for the purposes we discussed, I should send

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this to his home address. He gave me his home address.

Q Mr. Channell had described to you the select group that made contributions for military support. Did you understand his comment with respect to the contributors who made a $300,000 contribution and could meet with the President to be a part of this select group that he had referred to?

A Yes.

Also, he indicated that one could specify what kind of support he wanted to give. For example, if you felt uncomfortable with the idea of giving military support, you could give some kind of nonmilitary support. I think it was in that context that he mentioned a couple that had given radio equipment. If you wanted to give military support, you could do that.

Q And you told Mr. Channell you would consider making a contribution?

A Yes.

Q Was that the way the meeting ended?

A Yes.

Q Did you go back to New York then?

A Yes.

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There is something else. In the course of discussing the weaponry needs we were discussing how much the weapons cost, and I seem to remember that during the meeting with Mr. Channell and Colonel North it was expressed to me that two or three million dollars worth of weapons would get us through to the point where the congressional money would start to flow again.

Q Did Mr. Channell suggest that you contribute $300,000 so you could meet with the President?

A He didn't pin down the amount that way. He indicated that a contribution of that level would qualify me, so to speak, for a meeting with the President. He didn't limit it to $300,000. During later discussions, and I can't recall exactly the point of the discussion, but he did suggest that I give enough to qualify to meet with the President and he also indicated that he would like me to function as a fund-raiser. What he suggested was that I give money myself and agree to go out and raise money from other people that I might know and meet with the President in conjunction with doing this.

Q This occurred at a later conversation?

A I don't recall specifically. I think he may

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have indicated at this time that someone who gave as much as $300,000 could meet with the President and then in a later conversation urged me to bring my contribution up to that level and past that level and function as a fund-raiser myself and meet with the President.

(Recess.)

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MR. FRYMAN: Back on the record.

BY MR. FRYMAN:

Q Mr. O'Boyle, after the breakfast meeting with Colonel North that we just discussed did you make a contribution to NEPL for the purchase of military equipment for the contras?

A Yes.

Q How many days later did you make the contribution?

A It was three or four days later.

Q Did you have any further conversations with Colonel North or Mr. Channell between the breakfast meeting and the time you made the contribution?

A Yes.

MR. NEWMAN: Listen carefully to what he said.

THE WITNESS: Could you repeat the question, please?

BY MR. FRYMAN:

Q Did you have any further discussions with Colonel North or Mr. Channell between the breakfast meeting that you described and the time you made the contribution three or four days later?

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MR. NEWMAN: The way that question is phrased, I think you are making it difficult. I don't understand what you mean by made the contribution. The scenario is he wrote the check and went down there without a prior appointment and delivered the check.

BY MR. FRYMAN:

Q Let's focus on the writing of the check. Did you have any conversations with Colonel North or Mr. Channell between the breakfast meeting and the time you wrote the check?

A No. To my recollection, none.

Q You stated that Mr. Channell had asked that you send any contribution to his residence.

A Yes, via Federal Express.

Q How did you deliver the check?

A In person.

Q To whom and where?

A I came directly to Washington either Monday or Tuesday of the next week and hand delivered the check to Mr. Channell. I believe I actually handed it to him at the Hay-Adams Hotel.

Q Had you made a prior appointment?

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A No.

Q What was the amount of the check?

A $130,000.

Q How did you find Mr. Channell when you came to Washington that day?

A I went from the airport to the NEPL office and told the staff members there that I had something very important that I needed to see Mr. Channell about right away. Shortly after that Jane McLaughlin took me over to the Hay-Adams Hotel. I had dinner with Ms. McLaughlin and then Mr. Channell arrived.

Q Was this at midday or was this in the evening?

A In the evening.

Q Did you tell Ms. McLaughlin what you had for Mr. Channell?

A As I recall, I did not.

Q Did you tell her you had a contribution?

A I don't think so.

Q You say you told her you had something important for Mr. Channell?

A I either said I have something important for him or I need to talk to him about something important and I need to see him right away.

Q What did she say in response?

A I think it was actually the staff members at the NEPL office that I told this to, not Ms. McLaughlin. So they arranged for Ms. McLaughlin to come and take me over to the Hay-Adams and then they tracked down Mr. Channell.

Q Mr. Channell joined you and Ms. McLaughlin at the Hay-Adams?

A Yes.

Q Did Ms. McLaughlin stay after Mr. Channell arrived?

A Briefly, and then she left.

Q And then you and Mr. Channell had a meal together; is that correct?

A No. I had just finished having a meal with Ms. McLaughlin, and so Mr. Channell and I had drinks together.

Q During the time you were with Mr. Channell what did you say to him and what did he say to you?

A I gave him the check and I said this is for the purchase of the two Maule aircraft, and he was very pleased and said thank you very much. I don't recall his exact

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words, but he was appreciative. I think at that point he discussed the possibility that I might raise more money or give more money. I think he went out to call Colonel North to come over, to see if he could get Colonel North to join us.

Q Did Colonel North join you at the Hay-Adams?

A Yes.

Q How long did Colonel North spend with you?

A About half an hour.

Q Was there discussion of your contribution with Colonel North?

A Yes. Mr. Channell showed Colonel North the check. Colonel North again reviewed the further needs of the contras.

Q What did Colonel North say after Mr. Channell showed him the check? Did he express appreciation for the check?

A I think he just looked at it and nodded. I can't remember exactly what he said.

Q But after seeing the check he then proceeded to describe further military equipment needs of the contras?

A Yes.

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Q Were these different needs than he had spoken to you about the week before?

A Essentially they were the same. I think he indicated there were some slight differences. The Blowpipe missiles, I think, were no longer available. One option that I had was to give $200,000 to buy a ten-pack of Blowpipe missiles. [redacted] But essentially they were the same needs. We discussed ammunition, weapons, the same list pretty much as he had discussed before at the breakfast meeting the previous Friday.

Q Was there any suggestion about the size of a further contribution from you?

A As I recall, in the course of discussing the weapons needs costs were mentioned, and I got the feeling that they could use as much as I could give.

Q Was there any discussion of a meeting with the President while Colonel North was present?

A Yes.

Q What was said?

A I think Channell again indicated that if I were to agree to go out and either give more money myself or function in some kind of a fund-raising capacity, or both, that I could meet with the President and that he would express his approval and appreciation of all of this, and I indicated that's not why I was doing this, to get a meeting with the President.

I think I mentioned before that it was mentioned that these meetings with the President were off the record or some of them were off the record.

Q What did Colonel North say about meetings with the President?

A Throughout my various discussions with him I seem to recall that he indicated a number of times that he met with the President and was responsible for briefing him on certain affairs. I got the impression that Colonel North met with the President on a fairly regular basis.

Q What was his comment or response to Mr. Channell's remark that if you contributed $300,000 you would have the opportunity for a private meeting with the President?

A I don't think he had any particular response.

Q But he was present when Mr. Channell said this to you?

A Yes. Again, I don't recall the exact words Mr. Channell used, but I remember saying in Colonel North's presence something about, well, I'm not so sure I even want to meet with the President. Something along those lines. Or that's not the reason why I'm doing this. I remember Colonel North was there. I don't recall exactly what it was that Mr. Channell said to me, the exact words.

Q But in substance did he say that if you gave a donation of a certain amount, in the range of $300,000 or more, that you would have the opportunity to meet with the President?

A Yes.

Q Did Colonel North say anything about the substance of his briefings with the President?

A It may not have been at this particular meeting that he said this. I recall in a general way that Colonel North said that he met with the President and briefed him. My recollection is that it was on a routine, regular basis. I don't recall what the subject of the briefing was.

Q Did he indicate that he reported to the President about the contributions that had been made?

A No, not that I recall.

Q During this meeting with Colonel North at the Hay-Adams which you have been describing you said he again reviewed the military needs. Did he take out his notebook again?

A I think he did.

Q What else did he say during this meeting?

A He had talked previously about the drug smuggling operations of the Sandinistas, and I asked him if there was any way that the United States could intercept any of these large quantities of money that were involved in the drug traffic to fund the contras with, and he said, no, that that was not an option. He cited moral grounds for that. He said that if we got involved in any kind of drug smuggling operations in an effort to fund the contras we would be undermining our moral position.

He did, by way of anecdote, tell some kind of a story about how he had been involved in some respect in some kind of a drug arrest or the arrest of a drug dealer where there were millions of dollars in a suitcase or in a

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trunk of a car, by way of illustrating how this could be done, to take the money and use it to buy arms with. But he indicated that it had been turned in to the proper authorities.

Q What had been the nature of his involvement in this incident?

A I don't know. I got the impression that he was somehow involved in a peripheral way.

Q Did he indicate when this incident had occurred?

A I think he did, but I don't recall exactly when it was. My vague recollection is it was in 1985 or 1986.

Q How did the meeting with Colonel North conclude on this occasion?

A After Colonel North had been present for about half an hour or so he left. I don't recall the exact bit of conversation that preceded the closing of the meeting.

Q In his presence there was a discussion of a possible further contribution by you, was there not?

A Yes.

Q And a discussion of the size of the contribution and if it exceeded $300,000 you would have the opportunity to meet with the President?

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A This is Mr. Channell talking now. I believe it was in North's presence. That if I were to give more than $300,000 I could meet with the President. It may have been at a later point, but I think it was also at that point that Channell indicated to me I might also act as a fund-raiser myself.

Q What happened after Colonel North left?

A Mr. Channell and I spent a few more minutes together and then I left.

Q Did Mr. Channell make a further request for contributions?

A I think the discussion that we had been having all along continued, you might say. I left on the note that I would give all this some further thought.

Q What did you decide after giving it further thought?

A I thought about this for a few days and then I sent Mr. Channell a Mailgram which said in effect I support your efforts but I feel I have gone as far as I can go and I don't want to function as a fund-raiser myself and I don't want to give any more money.

Q Did you consult with anyone else in reaching this decision?

A I had spoken to my wife after the breakfast meeting with Mr. Channell and Colonel North, the original breakfast meeting. I had spoken to her briefly over that weekend. I don't know whether you call that a consultation or not. I told her in a general sort of way what was going on.

Q Did you speak to anyone else?

A No.

Q What about after this second meeting with Colonel North and Mr. Channell?

A Other than my wife, I didn't speak to anyone. I think my bookkeeper drew up the check, but she had no idea what it was for, what this was all about.

Q I take it you had no communications with Colonel North or Mr. Channell between the meeting you described at the Hay-Adams and the time you sent the Mailgram you just referred to.

A My best recollection is that I didn't. There may have been a phone call, but I don't think so. My recollection is there was no further communication.

Q Did you have any communication with Colonel

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North or Mr. Channell after you sent the Mailgram that you have referred to?

A Yes, I did.

Q What was the next occasion, with either?

A I got a call from someone at NEPL -- I don't remember who it was, whether it was Mr. Channell or possibly Ms. McLaughlin -- indicating that they wanted to have lunch with me. They were coming up to New York and they wanted to have lunch with me. This was a couple weeks after this meeting at the Hay-Adams. I think it was on the 18th of April that they were coming to New York, and I in fact did have lunch with them on the 18th of April. I had lunch with Mr. Channell and Mr. Conrad.

Q Just the three of you?

A Yes.

Q Where did you have lunch?

A At the Union League Club in New York.

Q What did Mr. Channell and Mr. Conrad say at this lunch?

A They indicated to me that this entire process of my making a contribution had happened so quickly that they didn't have the opportunity to give me all the presentations they wanted to give to me, to show me the courtesies they wanted to show to me, and would I be willing to come down to Washington for another meeting with Colonel North. That was one subject that was discussed.

Q What others?

A I at that point indicated a concern about the legality and confidentiality of their work.

Q Had you consulted with anyone about the legality or confidentiality of their work?

A I had asked an agency which does background investigations to check on Mr. Channell for me, which they undertook to do. This is a copy of their report right here. But that didn't come in until later.

Q That is included in the documents that you produced today; is that correct?

A Yes.

Q Did you consult with an attorney at this point?

A No.

Q Did Mr. Channell or Mr. Conrad make any further requests for contributions from you at this luncheon?

A My understanding was the general purpose of their visit was to cultivate me as a contributor.

Q So it was more general than specific?

A Yes.

Q Was there any further discussion of particular military needs of the contras?

A I believe it was at that point that I asked them are the planes that I bought flying, and they said yes, they are.

Q This was with the check you had given approximately two weeks earlier?

A Yes.

Q Did they say how they knew that they were flying?

A No. Although I seem to remember a discussion earlier in which Mr. Channell indicated, I think, that either he or Colonel North had been in contact with Maule Aircraft in Georgia and had arranged to get the aircraft.

Q You say Mr. Channell had indicated that earlier?

A It may have been at the meeting at the Hay-Adams, when I gave the check to Mr. Channell, that he indicated that he or Colonel North would be in touch with Maule Aircraft. Or maybe even had been in touch with Maule Aircraft. And this would be assuming that they were going

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to get this equipment anyway and I was just covering it for them, so to speak. I am not quite sure whether their getting the equipment depended on my giving the check or not.

Q You had not had any conversation with Mr. Channell between the meal at the Hay-Adams that you described and the luncheon at the Union League Club?

A As far as I recall, no. There was one contact, I think, from his office to my office, and I don't recall whether I spoke to him personally or whether it was through the secretary where we set up the luncheon. And I am not sure whether it was him or Ms. McLaughlin or someone else who arranged this.

Q At this luncheon meeting in mid-April he suggested a further meeting with Colonel North?

A Yes.

Q Did you have a further meeting with Colonel North?

A Yes.

Q When did that occur?

A It was a few days later. It may have been the next day, but I think it was a few days later.

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Q In April of 1986?

A Yes.

Q Where was it?

A In the Old Executive Office Building. In Colonel North's office, at the National Security Council office.

Q Who else was present?

A Mr. Channell was there for a brief period of time.

Q Anyone else?

A I saw Fawn Hall, Colonel North's secretary, although she wasn't at the meeting; she was just outside at her desk.

Q Anyone else?

A No.

Q Channell was not present for the entire meeting?

A No.

Q How long did the meeting last?

A Half an hour to 45 minutes.

Q What did North say?

A We talked about a number of subjects. While Channel was there I believe we talked about a humanitarian

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aid program that NEPL was undertaking, which involved supplying boots and military uniforms and various other equipment like that to the contras.

Then Mr. Channell left and Colonel North and I had further discussions. I asked Colonel North what the general plan was in Nicaragua: What's going on here anyway? Why are we giving them aid? What's going to happen? He outlined what the general plan was.

Q What was the general plan?

A First he indicated to me that this was very secret information, that because I was involved he was going to tell me. Basically, he said that there were two versions of the same plan, one if Congress approved continued funding of the contras and one if Congress did not approve continued funding of the contras.

The basic plan was that the contras would gather their forces and seize a certain part of Nicaragua, establish a provisional capital and a provisional government, and the United States would assist in this by blockading the country with the Navy, cutting off the supplies coming in to the Sandinistas from Cuba, would recognize the contras as the legitimate government of

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Nicaragua, and the Sandinistas would be out and the contras would be in.

If Congress were to approve the resumption of funding of the contras, this would happen on approximately an 18-month time frame. If it were not to approve funding of the contras, it would happen on a much shorter time frame, which was less desirable and would be something of a desperation move on the part of the contras.

I remember something now which I hadn't recalled up until now. I asked him are we involved in the beginning of World War III here, and we talked about that a little bit. He indicated that we were not because the Russians would never be willing to fight us for Nicaragua; they have enough problems of their own.

I also indicated to him that I felt uneasy about further involvement as a civilian, because I didn't enjoy the protection of the government; I wasn't a member of a government agency of any kind, and if I were up against governmental forces, I was concerned that the KGB, aside from everyone else, would be highly interested in these activities of Colonel North, and if I were out there buying weapons as sort of an independent agent, a civilian, that I was exposing myself to some danger from hostile forces, you might say, while at the same time having no training or no institutional support. We talked a little bit about that.

Then I also indicated that if I were Colonel North I would be concerned that the KGB would be interested in his activities. We talked a little bit about a technique called, I think, active measures, where the KGB identifies a government operative who is causing them a lot of trouble and renders them ineffective somehow. Colonel North indicated that he was concerned that was beginning to happen to him, that there was an article that had appeared in a Massachusetts newspaper, and it was the kind of thing the KGB might do to try to. He was involved, apparently, in trying to keep his name out of the papers, trying to keep his picture out of the papers, and he felt that there was some chance that some of this newspaper leaking and so forth that was going on about his activities were in fact organized by the KGB. He indicated that he was in touch with the FBI about that.

Q The press campaign that he referred to is what you understood was meant by the active measures that related to Colonel North?

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A Yes.

Q Were you concerned about something similar with respect to you?

A In a general way, yes, although I was not involved in any way to the same extent as Colonel North.

Q In this overall plan that he described, what was to be your role?

A My role wasn't really discussed. He was just telling me what I assumed was the strategy of the United States Government vis-a-vis Nicaragua.

Q Why did you understand he was telling you all this?

A I felt that he had accepted me as being a member of a small group of trusted people that was willing to help with this plan, or who already had helped with it, and then as an expression of this trust that he was explaining to me what the general plan was.

Q Did Colonel North request any further contributions from you?

A During the earlier meeting, or the earlier part of the meeting when Mr. Channell was present, I think Mr. Channell had indicated to me in a general way that they

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were open for receiving contributions for this humanitarian type of aid that NEPL was involved in. But after he left, no, Colonel North didn't ask for any contributions.

Q Did you understand that NEPL was still open also for contributions for military aid?

A That had been my understanding from the beginning, from the earlier meetings, but I didn't hear anything at these later meetings that either confirmed or denied that.

Q After your meeting with Colonel North did you see Mr. Channell that day?

A I think so. As I recall, Mr. Channell came by and walked back to the Hay-Adams Hotel with me. I remember a conversation with Mr. Channell about how this was all part of a larger plan on the part of President Reagan to reverse the dominoes. I am sure you know what I mean by the domino theory. Start the dominoes going back the other way. Nicaragua was one step. I think Afghanistan was going to be another step. I think a couple of African countries were also mentioned. I think it was at that point that we had that discussion.

I also remember having a similar discussion at

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the first cocktail party after the first briefing with Colonel North. I came up with that idea myself: we're starting to roll the dominoes back the other way. And he said, yes, that's right, isn't it? That idea had been talked about before.

Q Any discussion of further contributions with Mr. Channell after the meeting?

A He knew that I had already sent him that Mailgram saying I don't want to give any more contributions. The way we left it was if I wanted to give any more contributions I would be in touch with them.

Q Have you had any communication with Colonel North since the meeting you just described?

A Yes.

Q When?

A Colonel North wrote me a couple of letters. I don't recall the exact text of the letters, but in effect they thanked me for my support and encouraged me to continue my support.

Q Have you had any further meetings with Colonel North?

A No.

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Q Any telephone conversations?

A No.

Q So the only communications would be the letters that you referred to?

A Yes.

Q Have you had any communications with Mr. Channell since your talk with him after the meeting with Colonel North?

A I was still on their mailing list, of course, so I received the usual stuff that they would send out. Later on that year I received an urgent request for, the way they put it, the last donation in regard to the contras that they would ever ask for. This was after Congress had voted to support the contras again. Meanwhile there were still some delays in terms of the money trickling down from Congress to the contras themselves, and according to Channell they urgently needed more supplies. So I made an additional contribution of $30,000 later that year. As I recall, that was for what they were calling humanitarian aid.

Q After your conversation with Mr. Channell following the North meeting that you described have you had any further conversations with Mr. Channell either in person or on the telephone?

A None, to my recollection.

Q Your two contributions to NEPL were one for $130,000 and one for $30,000. Other than those contributions have you made any contributions to any entity with respect to Nicaragua?

A No.

Q Since January 1, 1986, have you had any communication with President Reagan?

A No. The only exception that I might want to add would be that I can't recall if I may have received some kind of routine political communication, such as fund-raising type stuff that the Republican party would send out over President Reagan's signature. Aside from that sort of thing, none.

Q Have you met with President Reagan since January 1, 1986?

A No.

Q Have you spoken with him on the telephone?

A No. I should say I did meet with him once, but I believe that was in 1985, in connection with a totally

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different situation.

MR. FRYMAN: I ask the reporter to mark as O'Boyle Deposition Exhibit No. 1 for identification a subpoena of the House Select Committee directed to Mr. O'Boyle, which is dated March 30, 1987.

(O'Boyle Deposition
Exhibit No. 1 marked
for identification.)

(Document handed to witness.)

BY MR. FRYMAN:

Q Mr. O'Boyle, Deposition Exhibit 1 is a subpoena that was served on you in advance of the deposition which is similar to a subpoena that was served on you by the Senate Select Committee and which calls for production of various documents. Have you produced, today, documents in response to the subpoenas of the committees?

A Yes.

MR. NEWMAN: So the record is clear, Mr. Fryman, we did not produce any telephone toll records. We also did not produce his diary for the reason previously stated, because they are in the possession of the independent prosecutor. We will try to make a search for the toll

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records and forward them to you under separate cover.

MR. FRYMAN: Let me now mark as O'Boyle Deposition Exhibit 2 for identification a group of documents which was produced this morning by Mr. O'Boyle. The entire group will be Deposition Exhibit 2.

(O'Boyle Deposition
Exhibit No. 2 marked
for identification.)

MR. NEWMAN: Mr. Fryman, after Mr. O'Boyle had another chance to look at the subpoena, he noticed some entities in here that he may have some correspondence from. He will check his records. If he does, we will forward it to you.

MR. FRYMAN: Mr. Newman, could you identify for the record at the moment any groups of documents that you believe are called for in the subpoena which have not been produced? You mentioned telephone toll records and you mentioned the diary. Is there anything else?

THE WITNESS: I am looking at Schedule A here. I recall receiving a communication from Mr. Channell recently, I think. Some kind of committee on Afghanistan. I don't even know whether I kept it or threw it away.

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There might be something in here on another Channell organization that I received by way of sort of a regular mailing, you might say, a fund-raising type of thing, but I had no involvement. There might be something in the files somewhere.

Any bank in Switzerland. I have a Swiss bank account which I have had for years, which has a minor amount of money in it.

MR. FRYMAN: With respect to subparagraph (o), we are not requesting production of all tax records at this time.

THE WITNESS: As far as I know, the only possible exception to the records we have already produced might be under Schedule A. There might be another one of the Channell organizations.

BY MR. FRYMAN:

Q Which would be form materials from another Channell organization; is that correct?

A Yes. And I am not even sure I even have those still in my file. But I'll check.

Q I also direct your attention to Appendix A.

A Is this do I know any of these people?

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Q The subpoena calls for materials that have anything to do with these individuals or organizations.

A As far as I know, I don't have any of this material other than what I've mentioned.

Q To summarize, the group of documents that you have produced this morning includes everything called for by the subpoena other than your diary, telephone toll records, records relating to a personal foreign bank account, and some form materials from another Channell organization; is that correct?

A Yes.

Q And tax records, which I said are not called for.

MR. NEWMAN: Let me explain one other thing to you on the record. I am sure you are going to get hold of a copy of the diary from the independent prosecutor, and you are going to find one corner of a page that is torn out, that had some names on it. That was done prior to its delivery to the independent prosecutor. If you want to ask him a question as to how that came about, you are welcome to do it so we don't have to have another trip down when you discover that.

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BY MR. FRYMAN:

Q How did it happen that the corner of the page was torn out of the diary?

A That is the corner on which I wrote Oliver North's name. When I realized the secret nature of his work, I tore it out of my diary.

Q What did you do with it?

A Threw it away.

MR. FRYMAN: I ask the reporter to mark as O'Boyle Deposition Exhibit 2-A for identification a check for $130,000, dated March 31, 1986.

(O'Boyle Deposition
Exhibit No. 2-A marked
for identification.)

(Document handed to witness.)

BY MR. FRYMAN:

Q Mr. O'Boyle, is that the check that you gave to Mr. Channell for the purchase of the two Maule airplanes?

A Yes.

MR. FRYMAN: I ask the reporter to mark as O'Boyle Deposition Exhibit 2-B for identification a check for $30,000, dated September 30, 1986.

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(O'Boyle Deposition
Exhibit No. 2-B marked
for identification.)

(Document handed to witness.)

BY MR. FRYMAN:

Q Mr. O'Boyle, would you identify Exhibit 2-B?

A That's a check for $30,000 which I later gave to the National Endowment for the Preservation of Liberty.

Q That is in response to the final request for funds for the contras that you described?

A Yes.

MR. FRYMAN: I ask the reporter to mark as O'Boyle Deposition Exhibit 2-C for identification a handwritten note and a phone memo slip.

(O'Boyle Deposition
Exhibit No. 2-C marked
for identification.)

(Document handed to witness.)

BY MR. FRYMAN:

Q Is that your handwriting, Mr. O'Boyle?

A No.

Q Whose handwriting is that?

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A I'm not sure. Someone in my office.

Q Was that a note that was given to you?

A Yes, it was.

Q Are you looking at the phone message at the moment?

A Yes.

Q What is the material at the top?

A It says "meet Dan Conrad April 29th at the 2 pm shuttle."

Q Is the material at the top on a separate piece of paper from the phone message at the bottom?

A I don't know.

(Witness and counsel conferring.)

MR. NEWMAN: We will have to check this. This was Xeroxed for us by Mr. O'Boyle's office. We don't know if the secretary in doing it Xeroxed two pieces of paper together.

BY MR. FRYMAN:

Q Do you recall receiving the notes which are at the top of the page?

A No. They look like notes my secretary was making of telephone communications back and forth. For example, down here it says "okay for a 4 pm meeting on Tuesday, the 29th." It looks like maybe they were arranging that meeting that was held subsequently to my luncheon at the Union League Club.

Q This is the meeting with Colonel North in his office that you described?

A Yes.

Q There is a date here in these notes of 4/29. Do you believe that April 29 was the date of your meeting with Colonel North?

A I think so. I think it was, but I can't be sure. We may be mixed up a little bit on the dates. I think I have the 18th as the luncheon, and then some time later there was the meeting in Colonel North's office. I recall it as a few days later; it may have been as much as ten days later.

MR. FRYMAN: I ask the reporter to mark as O'Boyle Deposition Exhibit 2-D for identification a Mailgram dated April 7, 1986.

(O'Boyle Deposition Exhibit No. 2-D marked for identification.)

(Document handed to witness.)

BY MR. FRYMAN:

Q Mr. O'Boyle, is that the Mailgram that you described earlier in your testimony?

A Yes.

MR. FRYMAN: I ask the reporter to mark as O'Boyle Deposition Exhibit 2-E for identification a group of pages headed NEPL Freedom Fighters TV National Spot Placement, Second Flight.

(O'Boyle Deposition
Exhibit No. 2-E marked
for identification.)

(Document handed to witness.)

BY MR. FRYMAN:

Q Mr. O'Boyle, where did you receive that material from?

A It was sent to me by NEPL. It may actually have been conjunction with a video tape of some of the television commercials which they had produced.

Q What did you understand was the reason for sending you that?

A To demonstrate to me that they were in fact engaged in a process of airing these television commercials and to enlist my support.

Q Did you make any contributions to purchase television commercials?

A No.

Q Mr. O'Boyle, I would ask you to take a minute to review Deposition Exhibit 2 and tell me if these are all materials from your file and if they are records that are what they purport to be, i.e., that they are letters or communications as indicated in the particular document.

A These are copies of my files, the files that have been subpoenaed.

MR. FRYMAN: Off the record.

(Recess.)

MR. FRYMAN: Back on the record.

BY MR. FRYMAN:

Q Mr. O'Boyle, you mentioned that at your original meeting at the Hay-Adams you met with a number of representatives from IBC, International Business Communications, and you thought that they might be government agents. What was the basis for that speculation on your part?

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A I didn't speak to any of them at great length, but I did speak to a couple of them, and they didn't seem like businessmen to me.

Q Can you be specific?

A Not that I quizzed them at great length, but if you meet someone of your own profession and background you can tell whether they are a lawyer or a doctor or they aren't, especially if you are a lawyer or doctor yourself. These didn't appear to be people that were extremely experienced in the management of companies or business affairs or economics. It was just a vague impression that I got. I don't know whether it is conclusive or not, but it is an impression that I got and it seemed to fit with the idea that perhaps this entire program was sponsored somehow by the government, or the government was involved in this program.

Q Was there anything said by anyone at that meeting that indicated that they were government agents?

A No.

MR. FRYMAN: I have no further questions.

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EXAMINATION

BY MR. KAPLAN:

Q I am going to take you back to March and the dinner at the Hay-Adams Hotel during which Richard Miller sat next to you. Can you describe from recollection any conversation that you had with Miller during that dinner?

A As I recall, it was a fairly social kind of conversation but with political overtones. I remember we talked about the desirability of the anticommunist effort, the Reagan Administration in general, that it was desirable to eliminate the communists or get rid of the communists. That sort of thing.

I remember also talking to him about that while it was desirable to get rid of the communists we didn't want to be in the position where we were supporting horrible right wing dictators either. Just kind of a political discussion, you might say.

Q Did Miller solicit any funds from you?

A No.

Q Did you have any contact with Miller after that dinner at the Hay-Adams?

A Ever?

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Q Ever.

A I ran into him one time in another context, completely different context. President Aquino from the Philippines was visiting New York and addressed the United Nations and then stopped by and paid a courtesy call to the Asia Foundation after that. I was present at this reception, having been a supporter of the Asia Society. A brief speech and a reception was given by President Aquino, and Miller was there. I am not sure I remember this correctly, but I think he was billed as a State Department protocol officer. He was there helping sort of move the crowds past President Aquino, because we all lined up to shake hands with President Aquino. He was standing right there, kind of moving people past. This seem to confirm in my mind that this guy really works for the State Department; this public relations thing, that's what they all say in Washington, right?

Q Do you recall who billed him as a State Department protocol person?

A I think it was in the program of President Aquino's party. There was a program that listed who was in her party. I am not sure that that was his title, but I

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think that's right. And I said hello to him. I said, "Ah, we meet again." He sort of recognized me and said hello. Or I think he recognized me.

Q Any further contact with Miller, whether in person or by telephone or letter or otherwise?

A No.

Q When were you first told that NEPL was a tax exempt organization?

A I don't recall the exact moment at which I was told that. It was some time in March or April of 1986.

Q Would it have been in one of your phone solicitations from Jane McLaughlin?

A It may have been. I think in this pile of material here there is a 501(c)(3) certification from the IRS.

Q Who would have provided you with that certification?

A NEPL. They sent a package of material at some point to me, and their tax exempt status was outlined there.

Q Did anyone tell you that NEPL was a tax exempt organization, rather than sending you the certification?

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A That was my understanding. I don't remember exactly if anyone actually said that or not.

Q Were you told that your contributions would be deductible?

A I understood that they would be.

Q How did you arrive at that understanding?

A Because by the time I made the contribution it was clear to me that this was a tax exempt organization and that it would be a deductible contribution.

Q Why did you choose to hand deliver your $130,000 contribution to Mr. Channell rather than send it Federal Express to his home?

A I was concerned about security. I felt this was an extremely secret operation, and that not only agencies of the United States Government, but foreign agencies, anybody, the press, the Democrats, everybody would be interested in this kind of a thing. It was quite conceivable that the phones were tapped. So I made no appointment. I just showed up.

Q It was at your own instance?

A Yes.

Q During your luncheon in mid-April with

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Mr. Channell and Mr. Conrad in New York, you mentioned earlier that you stated to them a concern that you had about the legality of NEPL's work. What was their response?

A I believe Mr. Channell said don't worry about it, this has been set up by lawyers who are very close to the Administration. Or maybe it was even White House lawyers. Something like that. I forget the exact arrangement he described. It goes into NEPL, goes into another corporation which has a contract with another corporation overseas and it can never be traced. That was his response.

Q Did he mention what those other corporations were?

A No.

Q Did he mention more specifically from whom they received their legal advice?

A No.

Q Why did you have a background check done into NEPL and Mr. Channell?

A I wanted to make sure that he was legitimate, that he was who he said he was.

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Q Is it routine for you to have background checks done on people who solicit you for money?

A Not always, but sometimes. Business partners or people I might be involved in business with who I might have some concern about, or perhaps people who are asking for money. Sometimes I do take steps to check them out.

Q Do you recall when you contracted for the background check on Channell?

A There is a letter here. I think was early April. Shortly after I made the contribution.

Q Was there anything particular about Channell that caused you to have a background check contracted for him?

A The whole thing was an unusual situation, a secret situation. I felt somewhat concerned about the whole thing. That's what drove me to do it.

Q You mentioned earlier in your second meeting with Colonel North he basically withdrew the request of the need for Blowpipes, saying that the Blowpipes were no longer available. If my memory serves me right, you mentioned that [redacted] was the country to which he had referred. Could the country have been [redacted]?

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A It might have been.

Q Does that refresh your recollection as to what country North might have referred to?

A I have been saying [redacted] but it may have been [redacted]. I am not quite clear. As I recall, it was a [redacted] country. I may be mistaken. It may have been [redacted].

MR. KAPLAN: I have no further questions.

EXAMINATION

BY MR. BUCK:

Q You mentioned at the beginning of the deposition a few hours ago that you were independently wealthy. Could you put sort of a general figure on that independent wealth?

MR. NEWMAN: I am not sure that that is within the scope of your examination. I have other problems with that question related to a situation extant in New York, and I am going to direct him not to answer. I am going to seek a ruling on that, because I think it is outside the scope of this examination.

BY MR. BUCK:

Q Did Mr. Channell have any idea of your general

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mikepaulus

wealth?

A Before he met me?

Q Before he met you. You mentioned that Mr. Ferguson referred your name to Mr. Channell.

A I don't know whether he did or not.

Q There were no indications to you that he did have?

A No.

MR. BUCK: The only reason I asked that question is because Mr. Channell seemed to pursue Mr. O'Boyle.

MR. NEWMAN: I understand. I am not finding fault, but it tangentially involves something else we have pending in the city that I am concerned about.

BY MR. BUCK:

Q Were you at all suspicious about the expensive tastes of the Channell organization. You were picked up, I believe, at the airport by a limousine and taken to the Hay-Adams Hotel. Did that make you at all suspicious that a charitable organization would have tastes like that?

A I wondered a little bit about it, but then I thought that this was sort of a stylistic type thing that Mr. Channell was adopting to cultivate wealthy people.

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Q Did Colonel North ever ask you for a contribution at any point?

A No.

Q I take it if he never asked you for a contribution he never directed to what organization you should contribute money.

A That's right. As a matter of fact, he said on more than one occasion that he could not ask for money, that he was not there to ask for money.

Q Did you take a charitable deduction on your income taxes for the donations that you made to the Channell organizations?

MR. NEWMAN: His tax return for '86 is in extension.

BY MR. BUCK:

Q Do you plan on taking a charitable deduction?

A No.

Q Why is it that you will not claim a deduction?

A Upon advice of counsel.

Q I think you mentioned before that you were assured the $130,000 that you donated in actuality did purchase two Maule airplanes.

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A Yes.

Q But you received no other evidence of that from Mr. Channell?

A That's correct.

Q If I told you that that $130,000 never purchased those two airplanes, would you be surprised?

A Yes.

Q You mentioned several stories that Colonel North told you over a period of time, examples of Colonel North being involved in capturing drug smugglers and various activities like that. Did you have a feeling that Colonel North was exaggerating at any point in time?

A No.

Q Did you feel that he could tell a story? Not necessarily make up the complete story, but add to the story some way.

A No. I didn't feel he was embellishing the story.

MR. BUCK: I have no further questions.

MR. FRYMAN: I have no further questions.

MR. KAPLAN: No further questions.

(Whereupon at 1:25 p.m. the deposition was concluded.)

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CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, Michael G. Paulus, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.

Michael G Paulus
Notary Public in and for the
District of Columbia

My Commission Expires
February 29, 1992

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ROBERT H. MICHEL
UNITED STATES CONGRESS

REPUBLICAN LEADER

August 15, 1986

Mr. Spitz Channell, President
The National Endowment of the
Preservation of Liberty
305 4th Street, N.E.
Washington, D. C. 20002

Dear Spitz:

I just want to thank you for the contributions you made to our efforts in the House on behalf of Nicaraguan freedom-fighters.

Obviously, no issue of this high degree of controversy can be won in the House without help from people like you.

We all appreciate your commitment to the cause of freedom.

Sincerely,

Bob

Robert H. Michel
Republican Leader

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~~under provisions of E.O. 12356~~
by K. Johnson, National Security Council

RHM:lpj

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TRENT LOTT
5TH DISTRICT, MISSISSIPPI

REPUBLICAN WHIP

RULES COMMITTEE

ADMINISTRATIVE ASSISTANT
JAMES L. BYNUM

Congreſs of the United States
House of Representatives
Washington, DC 20515

[illegible] Rayburn [illegible]
Washington, DC
[illegible]

DISTRICT
GULFPORT, MS
[illegible]
HATTIESBURG, MS
[illegible]
PASCAGOULA, MS
[illegible]

July 24, 1986

Mr. Spitz Channell, President
The National Endowment for the
 Preservation of Liberty
305 - 4th Street, NE
Washington, D.C. 20002

Dear Spitz:

The reception on Monday night was obviously a great success and certainly representative of the various forces that combined to give us the Contra Aid victory on June 25.

Without the efforts of the National Endowment for the Preservation of Liberty and your related organizations, this victory would have been very unlikely. Your association with Dan Kuykendall adds a dimension that is invaluable to me and the other Congressional leaders.

Spitz, please keep up the good work, and it was truly a pleasure to work with an organization which has both the resources and the capability to really contribute to a major legislative victory.

Again, thanks for your help and I look forward to our working together in the future. With warmest best wishes, I am

Sincerely yours,

Trent Lott

Trent Lott

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by K. Johnson, National Security Council

TL:sw

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COMMITTEE ON ARMED SERVICES
COMMITTEE ON SMALL BUSINESS

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United States Congress
House of Representatives
Washington, DC 20515

August 26, 1986

Mr. Carl Russell Channell
National Endowment For The Preservation of Liberty
305 Fourth Street
Suite 1000
Washington, D.C. 20002

Dear Mr. Channell:

I am writing to extend my most sincere congratulations to the National Endowment for the Preservation of Liberty.

Over the past 8 months, your program entitled, "Central American Freedom Program," has contributed in a significant way to the progress we have made in Nicaragua.

We are involved not only in a fight to keep our hemisphere free, but also in a battle for the support of the American public. In both arenas, our opponents are shrewd and relentless.

We must all be alert to the need for continued vigilance. It is not enough that we continue to seek the support of our countrymen in this important endeavor. We must labor to make sure that the way we conduct this fight continues to be worthy of their support. Any mistake that we make will be amplified by our skillfull adversaries.

I pledge my continued efforts in this important battle to keep our hemisphere free, and congratulate you again for the outstanding work done by your fine organization.

Sincerely,

Richard Ray
RICHARD RAY
Member of Congress

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by K. Johnson, National Security Council

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425 CANNON OFFICE BLDG • WASHINGTON DC • (202) 225-5901 • TOLL FREE (GA) 1-800-282-5007

ROBERT L. LIVINGSTON
1st District, Louisiana

APPROPRIATIONS COMMITTEE
Subcommittee
Defense

PERMANENT SELECT COMMITTEE
ON INTELLIGENCE

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Congreſs of the United States
House of Representatives
Washington, DC 20515

[illegible]

August 4, 1986

Mr. Spitz Channell
President
National Endowment for the
Preservation of Liberty
305 4th Street, N.E.
Washington, D.C. 20002

Dear Spitz:

When your Central American Freedom Program began to unfold it was clear that your organization had researched the issue well and was ready to help our cause to ultimate victory.

The television messages that your organization produced and the excellent coordination you provided for Nicaraguan leaders was an effective method for educating the public. We have come a very long way from the days of small margins of victory for tiny amounts of aid to the Freedom Fighters. Certainly, without your support the public would have been ignorant of the issues facing the Congress.

I want to congratulate you on a first class effort and to encourage you to continue to involve yourself in the foreign policy arena so that we can continue to win victories like the one on June 25th.

Sincerely,

Bob Livingston

ROBERT L. LIVINGSTON
Member of Congress

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by K. Johnson, National Security Council

RLL:jb

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

May 2, 1986

Dear Bill:

Here is the situation today. Congressman Bob Michel, Republican Leader of the House of Representatives, persuaded a majority of the House to vote overwhelmingly for a bill which got the President's Freedom Fighter package away from being included as a supplement to a huge Democrat-sponsored spending bill.

This spending bill, if passed, faces an almost certain veto by President Reagan. Michel's adroit leadership has now effectively saved the Freedom Fighter aid bill, intact, for what we hope will be a final vote during the week of June 9. He is determined to emerge victorious, even if he must doggedly wear down the opposition.

You are obviously supporting the President for the long term as well. I want to thank you so very much for all you are doing to support President Reagan and to help assure a victory for freedom in Central America.

We are entering a critical period now in the legislative struggle. The President is chipping away at the opposition and gaining solid momentum for a clear victory in the next three weeks. This is due in no small way to your support of the ongoing Central American Freedom Program of the National Endowment for the Preservation of Liberty.

I hope you will remain steadfast with the President as he leads this effort. I know personally that he values your help very much. We must continue to work together for the success of the President's policy. It's been a long struggle -- we're almost there. Please maintain your invaluable, strong support.

Sincerely,

Oliver L. North
Deputy Director,
Political-Military Affairs

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under provisions of E.O. 12356
by K. Johnson, National Security Council

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Mr. William B. O'Boyle
630 Fifth Avenue
Suite 863
New York, NY 10111

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NATIONAL SECURITY COUNCIL
WASHINGTON D C 20506

July 23, 1986

Dear Mr. O'Boyle:

America is now at the verge of answering the challenge the Soviets laid down in Nicaragua. When the President was most in need of support and sustained faith in this leadership, you helped to provide both. The struggle for freedom in Nicaragua must first be won in the halls of Congress. Without your dedication and resolve to stay with the President in this long campaign, neither victory would be possible. Once the Senate approves the aid, we will finally be at a point where we can truly make a contribution to a democratic outcome in Nicaragua.

All Americans owe you a great debt. As men who have lived through combat know, without a sustained level of support, those in the front lines can accomplish nothing. Your perseverance in the cause of freedom and President Reagan's dream for a free Nicaragua were the sustaining measure that will carry us that last difficult mile.

For your patriotism, courage, and dedication, thank you.

Sincerely,

Oliver L. North
Deputy Director
Political-Military Affairs

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~~under provisions of E.O. 12356~~
by K. Johnson, National Security Council

Mr. William B. O'Boyle
630 Fifth Avenue, Suite 863
New York, NY 10111

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by K. Johnson, National Security Council

5550

UNCLASSIFIED My Dream

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*"Since the dawn of the nuclear
age, every American President
has sought to limit and end
the dangerous competition
in nuclear arms. I have
no higher priority than
to finally realize
that dream . . ."*

Ronald Reagan

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THE WHITE HOUSE
WASHINGTON

December 18, 1985

Dear Spitz:

I want to thank you for the fine series of television messages you broadcast three weeks before we left for Geneva. "Morning of Peace" captured the true spirit of my dream, our Strategic Defense Initiative, a shield to protect our children and their children from the threat of nuclear war. I firmly believe that we can achieve this goal and end the insanity of the arms race.

Your televised messages and the steadfast support in a variety of foreign policy areas of the American Conservative Trust means a great deal to me. Please keep up the good work. With your continued help I know we can succeed for the next generation, and for all the generations to come. Nancy joins me in wishing you and your associates all the joys of the Season. God bless you.

Sincerely,

Ronald Reagan

Mr. Carl Russell Channell
President
The American Conservative Trust
305 Fourth Street, N.E.
Washington, D.C. 20002

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The Historic Opportunity to Strengthen American Security

STRATEGIC DEFENSE INITIATIVE

President Reagan's Strategic Defense Initiative (SDI) is the most significant strategic development in the history of U.S. - Soviet relations since the acquisition of the atomic bomb by the Soviet Union. If allowed to be fully developed, it will greatly enhance America's security. Equally important, it will offer the superpowers a dramatic opportunity to establish a lasting peace by rendering nuclear weapons obsolete.

The Congress, however, has been slow to realize the opportunity inherent in a fully funded, on-time SDI. It has provided only about 60 percent of the President's funding request for SDI research and development in the past three years. Thus, the program at current funding levels will be consciously delayed and drawn out. Timing is important. The Soviets, who began their own strategic defense efforts nearly two decades ago, are determined to deploy their own system and are accelerating their development of new offensive and defensive strategic systems while the United States lags.

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". . . every President has dreamt of leaving the world a safer place than he found it. I pledge to you, my goal—and I consider it a sacred trust—will be to make progress toward arms reduction in every one of the several negotiations now underway."

President Reagan's Remarks to the Los Angeles World Affairs Council
March 31, 1983

Soviet Fear of American Space Advancement

The impressive enhancement of American defenses under the Reagan Administration and the promise of a Strategic Defense program are fundamentally responsible for having brought the Soviets to the Geneva summit last November.

Until last year the Soviets had little motivation to negotiate on nuclear weapons and other issues. In fact, after the Reagan Administration had spent months trying to sit down with them, the Soviet negotiators abruptly walked out of talks convened in Geneva in 1983. The much-improved U.S. defense posture, the President's March 1983 SDI speech, Ronald Reagan's re-election in 1984 and American technological superiority in space research and exploration were compelling factors in bringing Moscow to the conference table late last year.

Finally, the rise of a relatively youthful, attractive Russian leader, Gorbachev, gave the political leaders of the Soviet Union what they perceived as a strong boost vis-a-vis the international media and world public opinion. After years of frosty relations the time had come to project a moderate, pro-peace image in order to forestall American advances and lull American allies into strategic lethargy.

Lagging in technology, economic vitality, and sophistication and pressed to commit resources elsewhere, the Soviet Union fears the American SDI. Such a system and its foreign policy power implications will be able to neutralize the threat of the massive Soviet nuclear arsenal.

Briefly, a deployed strategic defense would prevent nearly all of the U.S.S.R.'s ICBMs from reaching their targets in the United States. This means that a successful Soviet first strike capability would be eliminated. And in the event of nuclear war, the U.S., although potentially hurt, could retaliate massively and decisively. Retaliation, however, is not the objective. Rather, it is to make nuclear weapons useless by assuring that they would never reach their targets.

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Unable to deliver a nuclear blow to the United States, the Soviet Union would see its power significantly reduced.

Inability to maintain the credible (successful and effective) destructive threat of its arsenal necessarily weakens the Soviet power intimidation position vis-a-vis the United States and the rest of the world. A common thread of Soviet foreign policy is to threaten to rain down awesome nuclear destruction on nations allied with the U.S. which the Soviets wish to influence. This is naked nuclear intimidation. Successive Soviet leaders have raised the threat. Gorbachev used it last December in a letter to the Greater London City Council in an obvious attempt to influence British decisions on defense policy for 1986.

A fully deployed American Strategic Defense will present the Soviets with a new reality, one which will require more acceptable and necessarily more peaceful behavior on the part of the Soviet Union for decades to come.

The Soviet Union failed to win concessions on SDI in Geneva. But it expended tens of millions of dollars in the months leading up to the Summit in attempting to shape European and American public opinion against SDI. So crucial is SDI's failure to Soviet strategy that the Russians have continued to use their vast resources in a propaganda and disinformation struggle against the Reagan Administration's research and development program. Although other reasons have been given, the Soviet delay in agreeing on a summit in the United States is designed to give the Russians more time for their efforts to weaken the President's SDI. Also, they may attempt to make it an election issue this fall.

Furthermore, Gorbachev's January and March proposals, made in public speeches and not presented officially to the U.S., while welcome, are more than mere proposals. They are propaganda efforts to project the new Soviet leadership as peacemakers, as the reasonable, sincere opposites of a belligerent America. They seek to lull European and American public opinion into believing that SDI is no longer necessary, given Soviet good faith and the new, more reasonable leadership. In other words, the Soviets will do with propaganda and soft sell targeted on public opinion what they cannot do at the negotiating table.

"The Soviet Union has military superiority over the United States. Henceforth, the United States will be threatened. It had better get used to it."

Marshal Nikolai V. Ogarkov,
Chief of the Soviet General Staff

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Evidence of such efforts were the multi-page advertisements the Soviet government placed on March 21 in the *Washington Post*, the *New York Times*, the *Los Angeles Times* and *USA Today*. Costing nearly a quarter of a million dollars, the ads depicted the Russians as responding defensively to threatened nuclear attack from the United States. They cited SDI as the planned nuclearization of space and an escalation of the arms race.

But Moscow has done much more, from funding anti-nuclear movements and organizing international conferences to manipulating the media in Geneva. That they have succeeded is evident in the fact that the majority of American media commentators at the time indicated that to accomplish something at Geneva the President had to give concessions on SDI. He did not, however, give in. And his steadfastness illustrates his belief that SDI is so critically important to U.S. security.

The Vast Soviet Campaign to Capture American Public Support

Make no mistake about it. The Soviets genuinely fear a completed American Strategic Defense. But that fear does not concern their territorial safety. Rather, that fear concerns their continued ability to use the threat of nuclear annihilation to intimidate and blackmail other nations into submission or admission of Soviet supremacy.

With dramatic full-page advertisements in major newspapers, scores of television interviews, books, articles, front organizations and governmental propaganda efforts, the Soviets are spending millions of dollars to prevent SDI from going forward as the President desires. *Never have the Soviets wanted so desperately to block an American defense program.* They understand well the influence of American public opinion on government policy.

Although recent surveys indicate that Americans favor a workable alternative to mutual assured destruction (MAD), anti-nuclear interest groups have largely framed the SDI

"The defense policy of the United States is based on a simple premise: The United States does not start fights. We will never be an aggressor. We maintain our strength in order to deter and defend against aggression—to preserve freedom and peace."

President's Address to the Nation, March 23, 1983

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debate and have succeeded in distorting public perceptions of what has lamentably become well known as "star wars." Here the emphasis is *war—to the delight of the Soviets!*

The Soviets are bolstered in their efforts by those in America who, for many reasons, oppose SDI. The opposition uses seven key arguments:

SDI will never work;
SDI means the militarization of outer space;
SDI escalates the arms race;
SDI research could go on indefinitely;
SDI costs too much;
SDI is nuclear;
SDI violates the Anti-Ballistic Missile Treaty

These arguments, combined with public and legislative concern about balancing the budget, resulted in congressional funding of only 60 percent of what the President requested for the first stages of SDI research and development. Since that time, Congress has passed the Gramm-Rudman-Hollings budget bill. However, the legislative calendar now provides a window to secure full funding for the President's package to bring the program's timetable up to date. We must use this window of opportunity to dramatically strengthen America's security. The Soviets are determined to complete their space defense first. The President's dream must be our goal—and now!

"It is not an impossible dream that we can begin to reduce nuclear arsenals, reduce the risk of war, and build a solid foundation for peace."

President's Address to the Nation, November 14, 1985

"While arms control can potentially play a role in enhancing our security and bringing about a more stable strategic relationship, what we are able and willing to do for ourselves is far more important; it provides the necessary foundation on which deterrence and arms control must rest."

Paul H. Nitze, Special Advisor to the President and Secretary of State on Arms Control Matters, February 4, 1986

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Objectives

Given the high moral imperative of Strategic Defense for our long-term security and possible peace, the National Endowment for the Preservation of Liberty believes that the current goal of Strategic Defense must be realized—the sooner the better. To help educate and inform Americans about the nature of the Strategic Defense concept, the Endowment is conducting a multi-faceted public education and information program using a combination of media and press activities in order to:

(1) reveal and counter Soviet disinformation and other untruthful information;
(2) educate the public about the true significance and role of the Strategic Defense Initiative to America's military and alliance security;
(3) measure, describe and publicize public attitudes on the Strategic Defense Initiative;
(4) study and report the impact of the public's views on the Strategic Defense Initiative in selected areas around the country.

> *"Winston Churchill, in negotiating with the Soviets, observed that they respect only strength and resolve in their dealings with other nations. That's why we've moved to reconstruct our national defenses. We intend to keep the peace. We will also keep our freedom."*

President's Address Before a Joint Session of Congress, January 26, 1982

Support the President's Program

The National Endowment for the Preservation of Liberty will begin its program in June and will continue through October of this year. In this manner, the program can operate fully during the framing of the debate during budget hearings and in the primary election cycle in the Spring. The timing will maximize its educational possibilities. Concurrently it will bring public attitudes to bear on the center of the debate: the U.S. Congress. The program will include the following activities:

President's Message
We are producing a brief video-taped statement by President Reagan in which he will re-state his historic statement of March 1983 about the significance of SDI. In it, he will explain his "dream" of a world free from the threat of nuclear annihilation, which can be achieved when SDI renders ICBMs obsolete. These video messages will be made available to groups and individuals around the country who support the President. They will also be used by speakers and in television interviews.

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Television Education
NEPL is preparing eyecatching television advertisements, 15 and 30 seconds in length, for placement in carefully selected, important media markets thoughout the United States. These creatively crafted "spots" will reduce the many complexities of SDI into meaningful and truthful concepts which will be readily understood by the average citizen. In so doing, they will counter the distorted perceptions fostered by deliberate disinformation and the media. These television programs will be the heart of the overall campaign inasmuch as they have proven so valuable in other public information efforts.

Newspaper Advertisments
Just as the television "spots" are to be directed at average citizens, NEPL also is thinking of those better informed individuals for whom television ads may be too elementary. We are preparing, therefore, extensive newspaper advertisements which will explore in greater depth the fundamental morality of a defensive system which spares lives. Several hundred to a few thousand words in length, the newspaper messages will detail the Soviet lead in strategic defense systems and the benefits of the President's program.

Talk Shows/Interviews
Similar to the newspaper ads, a series of appearances on television and radio by leading SDI experts will inform the public of the benefits to be derived from SDI research. Participants will include academics, such as Dr. Edward Teller, defense specialists, media analysts and others who will be fully briefed and able to present the case articulately and persuasively. The interviewed experts will appear on national, regional and local television and radio interview shows.

Newspaper Articles
NEPL will write and encourage others to write signed articles on SDI which will be placed on opinion pages of the leading newspapers around the country. Among these are the *Wall Street Journal*, the *New York Times*, *USA Today*, the *Washington Post*, the Los

> *"Proceeding boldly with these new technologies, we can significantly reduce any incentive that the Soviet Union may have to threaten attack against the United States or its allies.*
>
> *President's Address to the Nation, March 23, 1983*

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Angeles Times and others. The opinion articles will be about 800 words in length and will seek to point out the aggressive nature of Soviet policies, the impact of Soviet propaganda on the debate and the wisdom of SDI.

Television Documentary
Using a credible, documentary style of presentation, NEPL is producing a 15- to 30-minute video program for television which explores the evolution of U.S.-Soviet competition and the promise of SDI to eliminate the threat of nuclear destruction. The program will counter the arguments of the nuclear freeze and the anti-nuclear movements, while presenting unassailable, morally unimpeachable arguments in favor of a defensive system which kills no one. The completed video programs are to be given to local television stations for use in their news and current events schedules. In addition, the programs can be used by speakers, as background or as introductions for interviews, and by civic groups for panel discussion and other activities.

Coalition Building
NEPL is convinced that the Strategic Defense Initiative is a highly significant, crucially important program which all Americans have a moral and patriotic obligation to understand and judge. Therefore, NEPL will aggressively increase the possible impact of its program by making its information available to as many inidividuals and groups as possible. Individuals and groups throughout the country stand ready to assist in this critical educational campaign, but they often lack the visual aids and written materials to present views effectively. We plan to put video programs, publications, issues, papers and other information in their hands. A popular groundswell will be the result, one that will be able to counter effectively the inevitable propaganda barrage from opponents of SDI.

> *". . . there can be no greater good than the quest for peace and no finer purpose than the preservation of freedom."*
>
> *President's Address Before a Joint Session of Congress, November 21, 1985*

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NATIONAL ENDOWMENT FOR THE PRESERVATION OF LIBERTY

The National Endowment for the Preservation of Liberty (founded March 1984) is a 501(c)3 organization which concentrates its efforts on foreign policy issues relating to the expansion of freedom, the support of democracy and national security problems.

The Endowment's philosophy is that in a democracy, public policy is most effectively influenced through a knowledgeable and informed electorate. Therefore, to achieve its goals the Endowment develops and sponsors public information and education programs to increase public understanding of American foreign policy and world events.

The central focus of foundation activities in 1985 and 1986 has been the violation of human rights in Nicaragua and the Sandinista disinformation campaign targeted on the American public. During the past 20 months the Endowment sponsored television advertisements and a speakers program to increase public awareness of events in Central America.

The Endowment is also concerned about the reduction of tension between the superpowers, believing that the full deployment of the Strategic Defense Initiative (SDI) will facilitate a lessening of friction between the United States and the Soviet Union. In May the Endowment began a comprehensive multi-media program to increase public understanding of space defense.

The National Endowment for the Preservation of Liberty is a non-profit (501-C-3) organization wholly funded by contributions and grants from the private sector and not through any government funds.

CREDITS

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"This is my goal (that we will be able to) pass on to our posterity the gift of peace — that and freedom are the greatest gifts that one generation can bequeath to another."

Ronald Reagan

March 31, 1983

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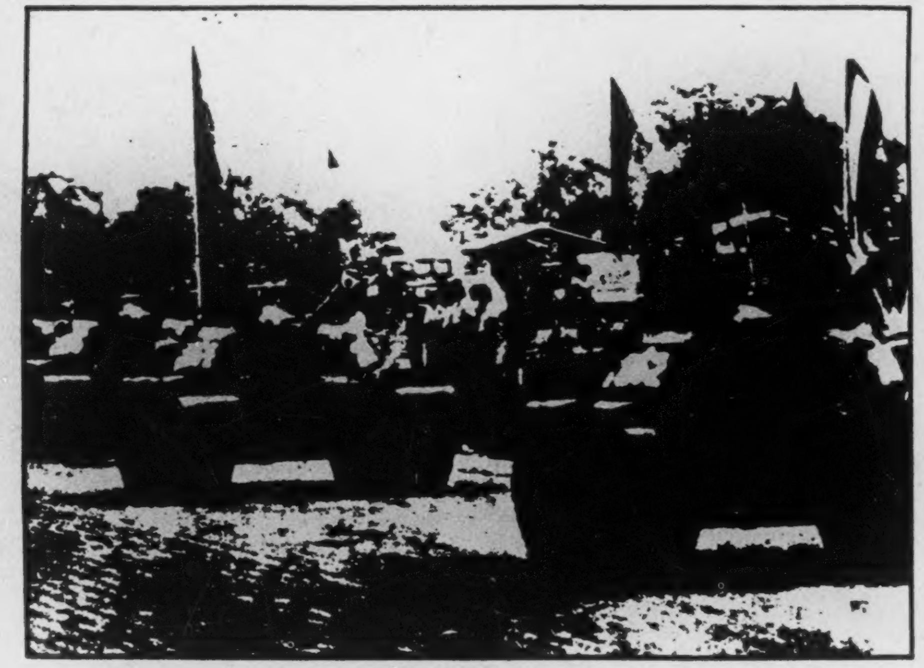
The Sandinista Military Build-up



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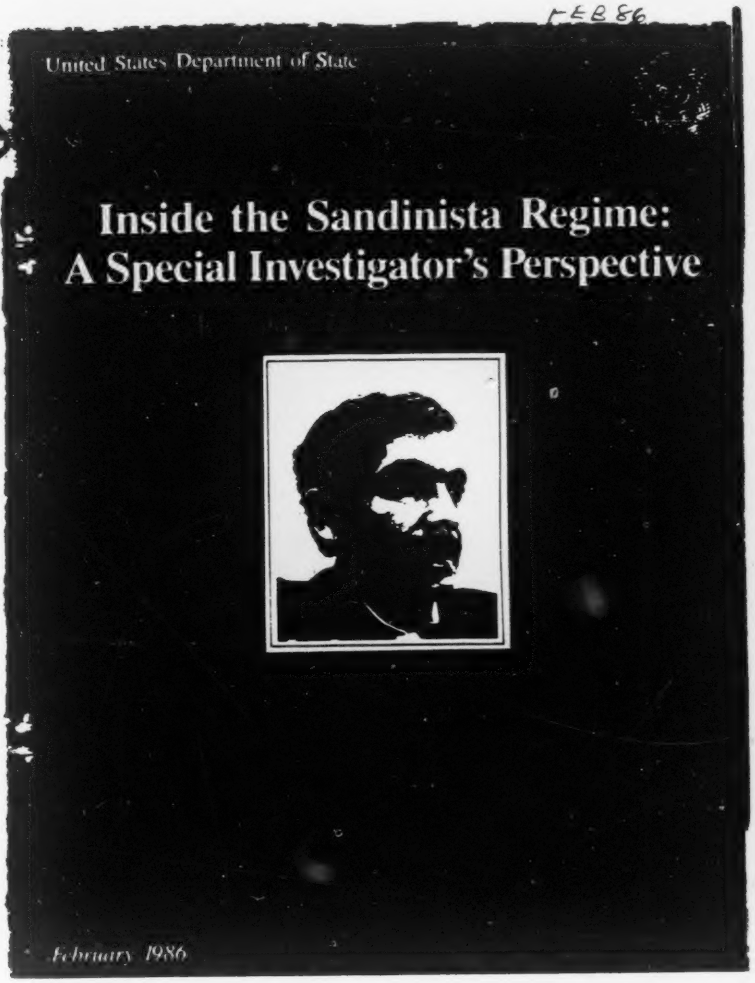

United States Department of State

Inside the Sandinista Regime: A Special Investigator's Perspective

February 1986

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TRANSCRIPT OF PROCEEDINGS

C O N F I D E N T I A L

ORIGINAL

UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

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DEPOSITION OF DUNCAN OSBORNE

C O N F I D E N T I A L

UNCLASSIFIED

Washington, D. C.

Thursday, April 2, 1987

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UNITED STATES SENATE

SELECT COMMITTEE ON

SECRET MILITARY ASSISTANCE TO

IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF DUNCAN OSBORNE

Washington, D.C.

Thursday, April 2, 1987

Deposition of DUNCAN OSBORNE, called for examination pursuant to notice of deposition, at the offices of the Select Committee, Room 901, Hart Senate Office Building, at 5:47 a.m., before GARY S. HOWARD, a Notary Public within and for the District of Columbia, when were present:

JAMES E. KAPLAN, Esq.
Associate Counsel
United States Senate Select Committee on
Secret Military Assistance to Iran and
the Nicaraguan Opposition
Room 901, Senate Hart Office Building
Washington, D.C.

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KEN BUCK, Esq.

THOMAS FRYMAN, Esq.

House Select Committee to Investigate
Covert Arms Transactions With Iran

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C-O-N-T-E-N-T-S

WITNESS	EXAMINATION
Duncan Osborne	
by Mr. Fryman	4

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P-R-O-C-E-E-D-I-N-G-S

Whereupon,

DUNCAN OSBORNE

was called as a witness and, having been first duly sworn, was examined and testified as follows:

EXAMINATION

BY MR. FRYMAN:

Q Mr. Osborne, would you state your full name for the record?

A Duncan Elliott Osborne.

Q And what is your position?

A I'm an attorney. I'm a lawyer with the law firm of Graves, Dougherty, Hearon & Moody, in Austin.

Q And are you a partner in that firm?

A I'm a partner in that firm.

Q And what is your special area?

A I specialize in the area of wills, estates and trusts.

Q And how long have you been a partner in the firm?

A I've been a partner in the firm since January of 1976.

Q For the record, Mr. Osborne, prior to the

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commencement of this deposition, you were given a copy of a subpoena from the House Select Committee, as well as a copy of a subpoena from the Senate Select Committee.

Is that correct?

A That is correct.

Q And you've also been provided with copies of the rules of the House committee and the resolution establishing the House committee, and comparable documents for the Senate committee.

Is that correct?

A That is correct.

Q Now, Mr. Osborne, you were present during the deposition of Mrs. Glanz and you heard her testimony about a meeting with you on April 14, 1986, during which time she handed you a list which contained notations regarding certain types of arms.

Do you recall that testimony?

A Yes, I do, and that's correct.

Q And you did receive such a list from Mrs. Glanz on that date?

A Yes, I did.

Q What do you recall that Mrs. Glanz told you at that time?

A Mrs. Glanz handed me a list and said Mrs. Garwood brought this back from Washington, and she wants to make a contribution to help meet the needs of the Contras, or words to that effect.

Q Did you look at the list?

A Yes, I did.

Q What do you recall appeared on it?

A In pencil, there was a list of armaments. I cannot recall specifically what the armaments were, but they were clearly weapons of war, things like anti-aircraft missiles, cartridge belts, pistols, hand grenades. And, again, I'm not sure any of those things specifically were on the list, but they were certainly things of that nature.

Q Were there dollar amounts on the list?

A I'm not sure, but I think so.

Q How large a piece of paper was the list?

A The list was about the size of a piece of small notepad paper, maybe four or five inches long and three or four inches wide.

Q Was it on white paer?

A Yes, it was.

Q Was there any sort of letterhead on the list?

A I don't think so.

Q Now what did you do with the list after Mrs. Glanz gave it to you?

A I put it down on my desk.

Q Were there other materials on your desk?

A Yes, there were.

Q What types of materials?

A There were other files and file folders and other pieces of paper, miscellaneous notes, correspondence, legal pads.

Q Now, after Mrs. Glanz handed you the list, did you discuss Mrs. Garwood's affairs with her for a period of time?

A Yes, I did.

Q And where was the list when Mrs. Glanz left your office?

A My recollection is that I returned the list to Mrs. Glanz.

Q At that initial meeting with her?

A At that initial meeting with her, yes, sir.

Q Do you recall saying anything to her when you gave her the list?

A I can't recall with any accuracy or specificity what I said, but my intention was to get the list back to Mrs. Garwood.

Q Now, did you have any other discussion about the list with Mrs. Glanz in April or May of 1986?

A No, I did not.

Q Did you have any discussion concerning the list with Mrs. Garwood in April or May of 1986?

A None whatsoever.

Q Did you have any discussion of the list with anyone else in April or May of 1986?

A No, I don't believe I did.

Q Before, according to your recollection, you returned the list to Mrs. Glanz, did you make a copy of the list?

A No, I did not.

Q Did you have anyone else make a copy?

A No, I did not.

Q Have you seen the list since April 14, 1986?

A No, I have not.

Q Has anyone since April 14, 1986 indicated to you

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in any way the location of the list?

A No, they have not. No one has.

Q Now you were aware of Mrs. Glanz's testimony that she left the list with you during your meeting on April 14th.

A That is correct. I'm aware of that testimony.

Q And that the list was never returned to her.

A That's what she said, that's correct.

Q You're aware of that testimony?

A Yes.

Q Now, have you caused any search to be made of your office for this list?

A Yes, I have.

Q Would you describe the nature of the search?

A I keep fairly detailed records of the time that I expend for my clients. I went back and reviewed my timesheets to see what files I was working on in April of 1986, and referred to files approximately a week prior to April 14th, 1986, and the week after April 14th, 1986. I made a list of all of those files. And then either I or, in some cases, other attorneys in my office who have primary responsibility for those files, searched each file

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on a piece-of-paper by piece-of-paper basis, looking for the list.

Q And what was the result of the search?

A That the list was not located.

Q Do you have any reason to believe that the list has been destroyed?

A No. I can only say that both Mrs. Glanz and myself reacted negatively to the list. But I did not destroy it and I gave no instruction that it should be destroyed.

Q Well, do you have any reason to believe that it was destroyed?

A No.

Q Mr. Osborne, it is the House committee's position that the subpoena served on you imposes a continuing obligation with respect to this list. In the event that the list is discovered, it is our position that you are obligated to make it available to the staff of the House committee. And I believe that would apply to the Senate committee as well.

MR. KAPLAN: Yes, that's correct.

BY MR. FRYMAN:

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Q Do you understand that?

A Yes, I understand that.

MR. FRYMAN: All right. I have no further questions. My colleagues, Mr. Kaplan and Mr. Buck, can now ask further questions.

MR. KAPLAN: I have no further questions. I appreciate your cooperation in appearing in sworn testimony before the committees today.

THE WITNESS: Thank you.

MR. BUCK: I also have no further questions.

MR. FRYMAN: Thank you, Mr. Osborne.

(Signature not waived.)

(Whereupon, at 6:00 p.m., the taking of the deposition was concluded.)

Duncan E. Osborne

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CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, Garv S. Howard, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of the action.

Notary Public in and for the
District of Columbia

My Commission Expires November 14, 1990.

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DEPOSITION OF ROBERT OWEN

Monday, April 20, 1987

House of Representatives
Select Committee to Investigate Covert Arms
Transactions with Iran,
Washington, D.C.

The select committee met, pursuant to call, at 4:15 p.m., in Room H-128, The Capitol, W. Neil Eggleston (deputy chief counsel for the committee) presiding. Also present: Jack Taylor, Investigator, Select Committee to Investigate Covert Arms with Iran; Richard J. Leon, Deputy Counsel, Select Committee to Investigate Covert Arms with Iran; Terry Smiljanich, Associate Counsel, United States Senate, Select Committee on Secret Military Assistance to Iran; Thomas Hylden, and Leonard C. Greenebaum, Law Firm of Sachs, Greenebaum & Taylor, Counsel for Witness.

Declassified/Released on 18 DEC 87
under provisions of E.O. 12356
by [redacted], National Security Council
K. JOHNSON

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TOP SECRET

Whereupon, ROBERT OWEN, after having been first duly sworn, was called as a witness and testified as follows:

EXAMINATION

BY MR. EGGLESTON:

Q Mr. Owen, I am Neil Eggleston, Deputy Chief Counsel of the House Select Committee to Investigate Covert Arms Transactions with Iran. The purpose of this committee as set forth in H.R. 12, is to investigate various activities including both the Iran initiative and the activities of various individuals in connection with the activities in Central America, particularly the Contras in Nicaragua.

You are present here today pursuant to a subpoena which has been issued by this committee and that subpoena compelled you to be here today.

Let me ask you two questions: First, pursuant to that subpoena and pursuant to the compulsion order, let me ask you first, Mr. Owen, do you know a man by the name of Oliver North?

A I refuse to answer that on the grounds that it might incriminate me.

Q Mr. Owen, you have also been provided with duplicate subpoenas, one directed to yourself, one directed to the Institute for Democracy, Education and Assistance, and one directed to the Council for Democracy, Education and Assistance. Let me ask you now prior to the time that you have been granted immunity, whether you have any documents to provide this committee pursuant to those three subpoenas?

A Again, I refuse to answer on the grounds that it might incriminate me.

Q Mr. Owen, let me advise you that a U.S. District Court judge for the District of Columbia has issued an order, and I am going to read that order to you, and read that order into the record. I might also add that I have produced and provided a copy of this order to your counsel.

MR. GREENEBAUM: We have the order.

BY MR. EGGLESTON:

Q Nevertheless, just so the record is clear, I will read it into the record.

It is captioned in the United States District Court for the District of Columbia, and the caption "House Select Committee to Investigate Covert Arms Transactions with Iran, U.S. House of Representatives, Washington, D.C., 20515, Applicant, Misc. No. 87-0104." There is a stamp on it indicating it was mailed March 30, 1987.

"On consideration of the application by the House Select Committee to Investigate Covert Arms Transactions with Iran and the memorandum of points and authorities, and exhibits, in support thereof, the Court finds that the procedural requisites set forth in 18 U.S.C § 6005 for an order of the Court have been satisfied. Accordingly, it is

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ORDERED that Robert Owen may not refuse to provide any evidence in proceedings before the House Select Committee to Investigate Covert Arms Transactions with Iran on the basis of his privilege against self-incrimination, and it is FURTHER ORDERED that no evidence obtained under this Order (or any information directly or indirectly derived from such evidence) may be used against Robert Owen in any criminal case, except a prosecution for perjury, giving a false statement, or otherwise failing to comply with this Order."

"It is FURTHER ORDERED that this order shall become effective on April 19, 1987, signed by: Aubrey E. Robinson, Jr., dated: March 30, 1987."

I also note for the record that today is April 20th, so the order is effective. The document I just read to you has the certification and the seal of the U.S. District Court for the District of Columbia on it.

This order, by its terms, removes your privilege against self-incrimination. And in light of this order, I direct you to respond to the questions that have been posed to you, and other questions that will be posed to you. And I would also ask the court reporter to direct you to respond to these questions.

(Reporter directs witness to respond to questions of counsel.)

TOP SECRET
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BY MR. EGGLESTON:

Q Mr. Owen, let me first ask you various questions with regard to the subpoenas which have been served on you.

First is a subpoena issued to Robert Owen, issued by the House Select Committee, which is dated, I think the 24th of February, 1987, singed by Lee Hamilton, the Chairman of the Committee.

Mr. Owen, do you have any documents, now that you have been granted immunity and you are compelled to respond to the questions that the committee poses to you, let me ask you whether you have any documents which are responsive to the subpoena?

MR. GREENEBAUM: Let me respond for the record.

MR. EGGLESTON: Certainly.

MR. GREENEBAUM: In anticipation of the immunity order and the direction to respond, Mr. Owen has brought certain documents to facilitate as well as supplement his testimony, which we would not have produced but for the immunity order. I want that clear for the record.

BY MR. EGGLESTON:

Q I take it then, Mr. Owen, that you do have documents to produce in response to that part of the subpoena?

A Yes, I do.

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TOP SECRET

Q Could you provide those to us so that the court reporter may mark those documents?

MR. EGGLESTON: Court Reporter, could you mark this as RO-1, of today's date, and if you would just mark the box for this purpose, at a later time we will go through the documents in a more comprehensive fashion.

(The following document was marked as Exhibit RO-1 for identification:)

COMMITTEE INSERT

BY MR. EGGLESTON:

Q Mr. Owen, you have now provided various documents in response to the subpoena issued to you personally. Let me ask you, do you also have documents which you are going to produce to the committee in response to the subpoena compelling you to produce documents which have been issued to the Institute for Democracy, Education and Assistance?

MR. EGGLESTON: I understand, Mr. Greenebaum, the comments that you made about the Owen subpoena issued to Mr. Owen on behalf of the IDEA; is that correct?

MR. GREENEBAUM: That is correct.

THE WITNESS: I do have those documents.

MR. EGGLESTON: Please mark this RO-2.

(The following document was marked as Exhibit RO-2 for identification:)

COMMITTEE INSERT

BY MR. EGGLESTON:

Q Mr. Owen, there was a third subpoena which was served on you which is also dated 24 February. It is directed to the Council for Democracy, Education and Assistance. Do you have any documents to produce pursuant to that subpoena?

A No, I don't. I am no longer associated with that association.

Q And you have no documents of that organization under your custody or control?

A No, I don't.

Q Previous to the time that I read to you the immunity order and directed you to respond and that the Court Reporter directed you to respond, I asked a question about whether or not you knew Oliver L. North. Now that you have been granted immunity or that the immunity order has been conferred on you, let me ask you again, do you know a man by the name of Oliver L. North?

A Yes.

MR. EGGLESTON: At this time, unless there is an objection, I will ask that this deposition be adjourned.

MR. GREENEBAUM: That is satisfactory.

(Whereupon, at 4:25 p.m., the deposition was adjourned.)

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DEPOSITION OF ROBERT W. OWEN

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Monday, May 4, 1987

U.S. House of Representatives,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D.C.

Partially Declassified/Released on 16 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

The committee met, pursuant to call, at 9:00 a.m., in Room H-128, the Capitol, with W. Neil Eggleston (Deputy Chief of House Select Committee) presiding.

Present: W. Neil Eggleston, Deputy Chief Counsel; Richard L. Leon, Deputy Chief Minority Counsel, on behalf of the House Select Committee on Covert Arms Transactions with Iran; Dee Benson, Personal Representative to Senator Orrin Hatch; Terry Smiljanich, Associate Counsel, United States Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition; and Richard H. Giza, Subcommittee on Evaluation, Permanent Select Committee on Intelligence.

Also present: Leonard C. Greenebaum, Sachs, Greenebaum &

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Tayler; and Thomas Hylden, Attorney At Law, Sachs, Greenebaum & Tayler, on behalf of the deponent.

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MR. EGGLESTON: Mr. Owen, for the record, my name is Neil Eggleton, Deputy Chief Counsel to the House Select Committee to Investigate Covert Arms Transactions with Iran.

This deposition is being conducted both by the House Committee and the Senate Committee, and it is in furtherance of resolutions which establish both of those committees and provided for depositions to conduct those investigations.

Let me say at the outset thiat this deposition is a continuation of a deposition which began some days ago, at which time you were formally granted and presented with an immunity order which immunized statements and any evidence derived from any statements you may have made.

This deposition is a continuation of that deposition, and so it is similarly subject to those same provisions.

I might also say for the record that moments ago you were sworn in by a notary public.

Let me also say that this deposition is being conducted in order to provide some of the information or put down some of the information that you have provided to us in a form we have talked at some length now about various aspects of your involvement from 1984 through 1986.

This is certainly not intended to be comprehensive. I am going to ask you questions about various areas. I know that you have taken lots of trips that you are not going to be testifying to today because I am not going to ask you about them.

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I am going to ask you just some things about various conversations, and I know that you have had a number of conversations with various people that I am not going to ask you about, so I understand that during the course of this, you are simply responding to my questions. You are not saying everything you know about your involvement in this activity from 1984 to 1986.

MR. GREENEBAUM: With your permission, I would like to elaborate for a moment. I think the record should reflect the immunity order and the direction to testify came after he asserted his constitutional rights not to testify, and while I appreciate that you don't plan to ask him about all the things he knows about, I think the record should also reflect that he has been interviewed and that you have already asked him about those. It is not just a matter of his not testifying about things you know he knows, but things that he has discussed with you, and that he has been forthcoming and complete in his answers.

I assume that the discussions are protected by the immunity order as well as the testimony based on --

MR. EGGLESTON: That is correct.

MR. GREENEBAUM: I guess that should include the documents.

MR. EGGLESTON: In addition, you provided Mr. Owen various documents subpoenaed pursuant to you and organizations

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with which you were associated. Those documents were also provided only after the immunity order was granted on you, and indeed some of the questioning today will be based on documents that you provided to us, after the immunity order was served upon you.

WHEREUPON,

ROBERT W. OWEN

was called as a witness and, having been duly sworn, was further examined and testified as follows:

EXAMINATION BY MR. EGGLESTON:

Q Mr. Owen, could you just tell me very briefly about your educational background and your work backgroud up until the time you began with Gray & Company?

A I graduated from high school from Moses Brown School in Providence, Rhode Island, in 1971, went to Philipps Academy in Andover for the next few years, and then I graduated and attended Stanford University and subsequently graduated in 1978.

From 1976 -- from 1977, I worked in St. Paul School in Concord, New Hampshire, and from 1977 to 1980, I worked at the Brentwood School in Los Angeles, California.

In the summer of 1980, I made a decision to go to Thailand to work with the U.R. Refugee Program, and I did that in the fall of 1980. I returned to the United States when I heard my father was terminally ill with cancer in late 1980.

I came to Washington seeking employment in 1981, and started in September with the Senate Republican Conference. I worked there until March of 1982, where I then went to work for Senator Dan Quayle as Assistant Press Secretary and then moved into his slot as Legislative Assistant for Foreign Affairs, and I did that, working with him until late 1983, where I then went to work for Gray & Company in their International Division, and I worked from there until late 1984 and from then started my involvement with this effort.

Q During the period of time that you were at Gray & Company, did you work on a proposal relating to the contras?

A Yes, in the spring of 1984, I believe it was in April, either one of our vice presidents was approached by Bosco Motamorris or they just met and perhaps the vice president asked that there might be something we could do for them.

Neal Livingston, who was then senior Vice President at Gray & Company asked me to follow up on it. I had several meetings with Bosco Motamorris, a representative. FDN and a fellow by the name of Alvero Rizzo.

But after my first meeting, I went to talk with Lieutenant Oliver North of the NSC to discuss this with him.

Q Is this the first time you met with Colonel North?

A No. I met the colonel, I believe, in July 1983 when I was with Senator Quayle, an Indiana constituent named John Holt had come to our office along with three other people.

He had just come in from Costa Rica and had a Nicaraguan with him who had just come in off of fighting in Nicaragua. I felt that it was important that they get to see as many people as possible in the United States Government to talk about what was going on down there, and one of the meetings I had was with Lieutenant Oliver North.

Q You have indicated while you were with Gray & Company there was an approach made about whether or not Gray & Company could do some work for the contras and I take it that resulted in some sort of a report?

A After I went to see Colonel North, I asked him where this was coming from, and he said that certain people had suggested to the FDN that they find representation in Washington, and it was my understanding he said that they had given him a list of names of companies.

We had several meetings, and out of that, came a proposal that Neal Livingston, senior vice president, and I worked on where we suggested that possibly proprietary companies be set up.

This would be outside of Gray & Company's involvement. This would be in a private effort, because at that time we knew the funding was running low, and they needed some way to find a bridge gap until congressional money would be removed.

Q And what did you do with the document that you and Mr. Livingston --

MR. GREENEBAUM: I am not sure he finished his answer.

THE WITNESS: I am fine. I provided to Lieutenant Colonel Oliver North in there there were several options. One was going with the proprietary route and the other was setting up some non-profit organizations which could then go out and actively fund raise for humanitarian goods.

The proprietaries would be used to purchase things that may not be able to be purchased inside the United States.

BY MR. EGGLESTON:

Q By things, what are you referring to?

A Arms and other military needs that they may have.

Q Did you discuss the memorandum with Colonel North?

A Yes, I did.

Q Do you remember approximately the time frame when you provided the memorandum to Colonel North?

A That probably was in May of 1984.

Q Did you discuss the memorandum with Colonel North?

A Yes, I did.

Q And what was the discussion?

A Out of that, a decision was made that I would go down and do a survey [redacted] looking at what their needs would be.

At that time, I also suggested I take a representative from a congressional office with me, because I thought it would be good that they have a clear idea of what was going to be needed, in case or when the President submitte another request for funding for them.

We flew from Washington to Costa Rica in May of 1986, and I subsequently stayed down there until June 5 of 1984. This was 1984, not 1986.

Q And while down there, did you have occasion to speak with people associated with the FDN?

A Yes, I did.

Q Did you discuss with them their funding needs?

A Yes, I did. I was told that they would need a minimum of $1 million a month to continue, and if they were to have the same military resources such as arms and other things they would probably need a million and a half a month and that would potentially help them grow a little bit as well.

Q When the trip was over, did you speak to Colonel North about the trip you were taking?

A Yes, I did.

Q And did you tell him about the military, the financial needs that the FDN had relayed to you?

A Yes. I did at least one, it not two, reports which went over the needs, and also the present situation that was taking place at the time the Sandinistas were involve in an offensive [redacted] and also this happened at the same time that the attempted assassinatio of Eden Pastora occurred.

Q And did you discuss with Colonel North the requirement of $1.5 million, if the contras were to expand their military capability?

A Yes, I did.

Q You indicated that you were down in Costa Rica at the time the bombing took place. What do you know about the bombing?

A I was staying at John Hull's apartment in San Jose, and that evening I had a brief meeting with the [redacted] at the time. It was more of a get-together [redacted] he and I had heard a lot about each other.

We discussed the situation and also the needs of the South. We were woken up that evening by several Nicaraguans who came to the house and told John that a bombing had taken place, that Pastora was wounded. They didn't know when whether he was killed or not.

They subsequently asked John to go out and help bring in the wounded. I believe he got in touch with some representatives of the United States Embassy, and the decision was made that he would not go out there.

Previously that day, we talked with members of the then-Pastora Air Force, a quasi-Air Force, and they had asked what they should do with their planes, because the funding was being dropped.

We didn't necessarily think it was appropriate that they were talking with us, but as they asked, we suggeste they move the planes [redacted] and they ended up doing that.

Q Do you recall writing a letter to Colonel North around July 2, 1984?

A I may have. I wrote a number of them.

Q There is a reference in a letter which we have obtained from Colonel North's office. It says, "As for the toys we talked about, I will be having a meeting this week to learn what clarifications are needed."

Do you recall what that was a reference to?

A It would have been talking about arms. Toys would have been arms.

Q And later in that document, there is a reference to an individual that you were meeting with. Do you recall who that individual was?

A I don't recall the individual's name, but he had done work in [redacted]

Q By done work, what do you mean?

A I believe he may -- he is an American who may have done some representation.

Q And you don't recall who it was?

A No, not right offhand. I think if I think about it

I may be able to come up with it. It was suggested that I get together with him because he would potentially have access to putting together a deal for the procurement of articles out of [redacted]

MR. SMILJANICH: Could you read the date of that letter?

THE WITNESS: July 2, 1984.

MR. SMILJANICH: Who is it addressed to?

THE WITNESS: "Dear Ollie." I was dumb enough to sign it.

BY MR. EGGLESTON:

Q Signed Rob; is that correct?

A Signed Rob, yes.

Q Mr. Owen, did you attend a meeting in August of 1984 in Dallas?

A Yes. I was working out of Dallas as a volunteer for the Reagan -- for the Republican Convention, and Oliver North flew out for a meeting of CNP, which is the Council for National Policies. It is a conservative non-profit organization.

Also in attendance at that meeting were Adolfo Colero and General Jack Singlaub. I met General Singlaub for the first time and it may have been the first time I met with Adolfo Colero; I don't remember.

Q Did the four of you all meet at the same time?

A We met a couple different times over that period. I think it was maybe two days.

Q And what were the discussions about among your people?

A The discussions of fundraising for the FDN, the need to find assistance for them so they can get through this bridg period until the United States picked up assistance again.

Q Was there discussion about the need to provide military equipment to the contras?

A I believe so.

Q And that was a discussion among yourself, Colonel North, Mr. Calero, and General Singlaub?

A Yes, I believe so.

Q Let me direct your attention to late October of 1984 During that time period, approximately October 26 to the 31st of 1984, did you take a trip [redacted]

A May I clarify one thing? It wasn't until late August or in August some time that we did submit a proposal from Gray & Company to the FDN. Gray & Company made a decisic that it did not want to represent the FDN, and Adolfo Calero felt it was probably too expensive and prohibitive to do that anyway, so he and I had several discussions during this perioc

From October 26 to October 31, I did go [redacted] and while there I did meet with Adolfo Calero.

Q Did you have conversations with Calero about you working for him?

A Yes, at that time he and I had talked about possibilities, and I made an offer that I would be willing to leave Gray & Company and work full time in an effort to help them in any way that I could.

Q Was there any discussion with him about how much he would pay you for that?

A It may have taken place there or just when we got back in Washington, but a decision was made that I would be paid $2,500 a month and most of my expenses for whatever trave that I incurred.

Q Did you have any conversation with him at this time about what it was that you would do for him?

A It was very loosely defined and it was doing anything that I could to help them in the cause, whether it be from a public relations effort to providing information to keeping track of things here in Washington.

Q Did you also have conversations down there with Mr. Calero and John Hull?

A Yes, I had been talking to Mr. Calero some time about John Hull and his ability or his knowledge of the effort [redacted] and I introduced Mr. Calero to Mr. Hull at that meeting.

Q And were there any financial arrangements discussed between the two of them?

A They discussed about Mr. Calero providing Mr. Hull with funds to again be a bridge gap for the effort in the South. These funds would provide food and humanitarian goods for the contras in the South.

Q And how much money was Calero going to give to Hull in order to help with the humanitarian assistance in the South

A $10,000 a month.

Q And do you know how long those payments lasted?

A I believe they lasted into September, possibly October 1985.

Q And at that time is when --

A The NHAL funding came in.

Q The United States Government humanitarian assistance began?

A Yes.

Q Let me direct your attention to mid-November of 1984 At that time, did you take a trip to Central America?

A Yes, I was still working for Gray & Company, but I took personal leave. Colonel North had invited me over to his office and we had several discussions, and he provided me with pictures and also maps which showed the gun emplacements aroun the Augusto Sandino Airport in Managua, Nicaragua, and he aske me to take this material down [redacted] and give it to Adolf Calero.

Q Do you know where Colonel North obtained the maps?

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A I believe it was from the CIA, but I am not positive on that.

Q What did Colonel North tell you about where he obtained them, if anything?

A I believe he may have said he got it from across the river.

Q Did he mention any particular individual's name?

A No.

Q Did he ever tell you who it was across the river wh provided them to you?

A No, not at this time.

Q By across the river, did you understand Langley, which is the headquarters for the CIA?

A I suspected as much.

Q Was across the river frequently the way Colonel Nor or occasionally the way Colonel North referred to the CIA?

A It was either across the river or up the river. It varied.

Q And what was the purpose of taking the maps down to Calero?

A At that time, the information had come in that the Soviets had provided MI-24 helicopters to the Sandinistas, and they were being put together at the Sandino Airport in Managua. [redacted]

[redacted]

The thought was that the FDN could undertake a mission with their push-and-pull aircraft, they had three of them at the time, to attack the Sandino Airport and try and destroy some of the MIG 24s, excuse me, MI-24s, before they were put together and just destroy them on the ground.

Q Do you know whether such a mission was every attempted?

A No, a decision was made not to do it. It would have probably ended up in a suicide mission.

Q Let me direct your attention now to mid-February 9 or 10 of February 1985. Did you take additional maps down, as best you recall, take additional maps down to Central America at that time?

A Yes, at that time I had already left Gray & Company and I was working in essence full time, and trying to help the effort, and I had a meeting with Colonel North and he asked me to take a trip down there and ferry some maps and other things for him.

Q And did you obtain maps from Colonel North?

A Yes. I went over to the White House early one morning, and to the Situation Room, and he showed me the largest map which I was to take down, but it was stapled or already put on, I guess you would call it a back-up board or Styrofoam board.

It was too large to be able to handle, and he made a comment, well, that just shows the incompetence of the CIA.

Q Did he make any telephone calls to anybody?

A He did. He said, "Look, why don't you come back this afternoon and I will try and get something. I will call over there and we will try and get a smaller version."

I went back, I believe that afternoon, and he still did not come through with the new version that they wanted me to take, and picked up the phone again and called over the agency and asked them where it was.

Q Do you know who it was he spoke to at the agency?

A I believe it was [redacted]

Q Did you know [redacted] position at that time?

A I believe I knew that he was Director of the Task Force although I am not sure.

Q The Central American Task Force?

A Yes. Actually, at that time, he may have tried to get [redacted] and he might not have been available, so he may have talked to one or two other people trying to get the -- find out when the material would be ready.

MR. EGGLESTON: Could I have this marked RO-3.

(Whereupon, RO Exhibit No. 3 was marked for identification.)

BY MR. EGGLESTON:

Q Let me show you what has been marked RO-3, which is a letter that begins, "Dear Friend."

MR. GREENEBAUM: I am sorry. It says "My friend."

BY MR. EGGLESTON:

Q "My friend," thank you.

Based on the contents of this letter, do you have an opinion about who it was sent to or who it was addressed to?

A I believe it would have been addressed to Adolfo Calero and the contents of the letter shows that I may have taken it down with me on that February trip, because at that time on the map were located various Sandinista positions and also Lieutenant Colonel North was talking about the need for the FDN to move its location from [redacted] where its command location was to another location

Q There was handwriting on the draft which I have just shown you marked RO-3. Do you recognize the handwriting?

A It looks like Colonel North's.

[redacted]

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[redacted]

Q There is a paragraph at the very bottom of the page making a reference to $20 million being deposited in the usual account.

Did you know at the time that money was going to be deposited, money in that amount was going to be deposited into an account?

A No, but I believe that Colonel North told me to tell Adolfo that funds were coming.

Q Did Colonel North tell you where the funds were coming from?

A No, he did not.

Q Did he tell you that the funds would be of this magnitude?

A No, he didn't.

Q Are you learning this now for the first time?

A I had seen that document before.

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Q On page 2, the last paragraph, there is a reference to "my British friend and his service for special operations."

Do you know to whom he is referring when he refers to the British friend?

A No, I don't know the individuals by name, although on one occasion in one of my meetings with Colonel North he discussed how he did have some -- I should say made reference to the fact that he had some British friends who were doing some special operations for him.

Q Did he tell you what the special operations were?

A At that time, it had been announced in the newspaper that there had been several explosions in downtown Managua and the Sandinistas were trying to say it was near a hospital and they were just minor explosions, but then he mentioned that some of his friends had caused them, I believe it was an ammunition dump to be blown up.

Q And he indicated to you that his British friends had done that?

A Right.

Q Who did you understand the British friends to be? Were they official British military?

A I had no idea. I didn't pursue it with him.

Q Was it your understanding that --

A I believe at one time he may have said they were SAS.

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Q In fact, there is a reference to them in this letter they were SAS; is that correct?

A I believe so.

Q But it was your understanding that they had engaged in this --

A In essence, they were doing some contract work.

Q For Ollie North?

A That is my summation.

Q Do you recall when you returned from this trip, as best you now recall, when you returned from this trip with a munitions list from Mr. Calero?

A I believe I may have, yes.

Q And I take it there were occasions that you do recall returning from trips to Central America with munitions list?

A Yes.

Q And this may have been one of those occasions?

A Yes.

Q Assuming that you are remembering right that this was one of those occasions, who did you give the munitions list to?

A Oliver North.

Q And do you recall anything about this particular munitions list, what was on it, what was requested?

A No, other than it was small arms ammunition, and at the time the FDN was in need of everything, mortar rounds,

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M-79, ammunition, and just things that they would need to continue their operations.

Q Did you discuss the list with Colonel North?

A I just gave it to him and went over it briefly with him, that is, if this was the occasion that I brought them back. There were several times and I just can't remember the dates.

Q Did you also go down to Costa Rica in late February and early March of 1985?

A Yes, I did. I went down at the request of Colonel North. This was going to be the first meeting of all the Nicaraguan opposition groups, and out of this came the San Jos accords on March 1, and that was when Adolfo Calero, Alfonzo Robello, and Arturo Cruz came together and said they would mov forward in a united effort to bring democracy to Nicaragua.

Q And did anyone else from the United States go down there?

A Frank Gomez, IBC, International Business Communication, and Johnathan Miller of the State Department were also there.

Q And while down there, did you have communications with Colonel North?

A Yes, I did. I kept him informed as I heard things so that he would be aware of it, and then when he had question I know that he got in touch with the [redacted]

Q [redacted]

A Yes. There was a problem because President Monge decided to expel Adolfo Calero from Costa Rica before they could have their new conference, and that was a concern that that would not take place, so you could not get the press coverage that everyone had hoped to come out of this.

Q Did Colonel North relay instructions back to you about how to deal with situations that came up during the course of the conference?

A With some things, I just kept in touch with Miller and Gomez and also Adolfo Calero.

Q Let me direct your attention to March of 1985. Did there come a time in March of 1985 when you provided money to [redacted]

A Yes.

Q Do you know the circumstances behind you having to provide him with funds?

A It may have been in March or it might have been early April. I am not sure which it was. [redacted]

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Q And as a result of that, you provided him with funds?

A On one occasion, I was in Colonel North's office and he provided me with Travelers Checks which he asked me to change into cash so that I could then turn around and provide that to [redacted] as a payment.

Q Did you see on this occasion or other occasion where he obtained the Travelers Checks from?

A Yes. He pulled them out of, I believe it was the bottom drawer in his safe in his office.

Q It was a safe that was actually in his office?

A Yes, sir.

Q And on this occasion, or on other occasions, did he comment to you whose safe it had been previously?

A Yes. We had a laugh because it was the same safe where the thousand dollars that former National Security Adviser Dick Allen had kept.

Q Do you know where Colonel North obtained the Travelers Checks from?

A There was a system, my understanding is there was a system set up between him and Adolfo Calero and that Adolfo Calero would bring Travelers Checks up to him as needed.

Q Did you ever carry Travelers Checks from Calero to North?

A No, I did not, but on occasion I did tell Adolfo

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Calero that Colonel North needed some new funding.

Q Was anyone else involved in providing this money to [redacted]

A Because there was either six or seven thousand dollars that had to be changed into dollars from Travelers Checks, he asked Jonathan Miller, who at that time was doing some work with him, to change part of them into Travelers Checks, excuse me, change part of the Travelers Checks into dollars.

Q And Jonathan Miller did that?

A Yes, he did.

Q Where did --

MS. BENSON: Could I ask just one question. Whose name was on the Travelers Checks?

THE WITNESS: They were always blanks and then we would fill in the names. In this case, we had to use our own names to cash them.

MS. BENSON: So you would use Robert Owen?

THE WITNESS: I would use Robert Owen. Unfortunatel I wasn't provided with any false identification, or fortunatel as the case may be.

BY MR. EGGLESTON:

Q Or fortunately, yes.

And where did you provide the money to [redacted]

A I set up appointments and he came over to my

Q Was Jonathan Miller there?

A No, he was not.

Q In or about March of 1985, did you also provide money to [redacted]

A Yes. I was asked to meet [redacted] as a matter of fact, I picked him up outside the Old Executive Building, and we went for a ride and had a conversation and I did provid him with some cash at that time. Actually, they may have been Travelers Checks; I just can't remember.

Q Do you remember the approximate amount of money that he provided you?

A A couple thousand dollars. I can't remember; maybe 3,000, 2,000.

Q And where did you obtain the money provided you?

A From Colonel North.

Q Did you see him on that occasion, if you recall, take it out of the same safe?

A Yes, he did. I might add that he kept very careful records. Whenever he would take funds out, he would write it down so that he knew where his money was going.

Q Do you recall having a conversation with [redacted] at the time that you provided him with the money about additional funding that may be available?

A Yes, it was the hope at that time -- excuse me, that all the democratic opposition could be united [redacted]

[redacted]

There was an effort that was being undertaken to try and bring all [redacted] together under one umbrell. organization as had been done with the Nicaraguan opposition through the San Jose Accords, and I was asked to relate to [redacted] that if he was willing to come together in a unity agreement, he would be provided with more funds to help sustain his effort.

At this time, he was about to depart [redacted] at this time the March or April vote was coming up, and so the thought was that he would be able to bring some more Members of Congress over to support the aid package.

Q But in general, you indicated to him that if he were to join the other forces, that additional funding would be available to him?

A Yes.

Can I just interrupt?

(Discussion off the record.)

BY MR. EGGLESTON:

Q In late March of 1985, did you take another trip to Central America?

A Yes, I took a trip [redacted] with between two and three thousand dollars in Travelers Checks, and this was to help support his [redacted] office [redacted] This was from March 20 to March 24.

Q Of 1985?

A Of 1985, yes, sir.

Q And again on this occasion, you obtained the Travelers Checks from Colonel North's safe?

A Yes.

Q Or Colonel North obtained them from his safe?

A Yes.

Q And did you provide them as cash or as Travelers Checks?

A I think in this case, I provided it in Travelers Checks.

Q And again they would have been blank?

A They would have been blank, yes, sir. They were all drawn up to one or two different banks in Miami.

Q And during the years of this trip, the 20th to the 24th of March 1985, did you have an occasion to observe a plane at Mr. Hull's farm?

A Yes, I was visiting with Mr. Hull, and he got a radio call from one of his farms saying that a plane had lande there and they were trying to find another airstrip, but they didn't know how to get there and so John Hull and myself and two others flew up to the airstrip.

The plane was, I believe, an islander which at one time had been part of Pastora's Air Force, and it was flown by I believe, two Nicaraguans and there was also a Cuban on board and they said they were flying in from [redacted] and that they were trying to find Rene Corvo, who had set up this delivery process.

I did not look in the plane to see whether there wer arms on it or not, and I did not really ask. They did say it was some military supplies that they were bringing in.

We subsequently took off and Hull flew them to the airfield that they were supposed to go to, where the plane was then unloaded, but I did not watch the unloading or find out necessarily what was on the plane. It was serendipity that I happened to be there at the same time.

Q MR. EGGLESTON: Let me have this marked RO-4.

(Whereupon, RO Exhibit No. 4 was marked for identification.)

BY MR. EGGLESTON:

Q This is a memo to the Hammer from TC, subject, "Southern Front." It is a memorandum dated April 1, 1985, and it was provided to the committees prusuant to the subpoenas that were issued to you and provided after the immunity order was conveyed upon you.

On page 2 of the document, there is a reference to various weapons. The document is generally about the Southern Front and the need to augment the Southern Front, and on page 2, there are references that I have now yellowed, references to providing weapons.

A Yes.

Part of this comes from a meeting that I attended here in Washington, D.C. It was with three or four members of the Southern Front, headed by a fellow by the name of [redacted] He and his compatriots had come to Washington in the hopes of meeting with Colonel North.

As the Colonel didn't want to meet with him, he asked me to meet with him. I did. I had met [redacted] in 1983 when I first visited [redacted] so he did know me.

On it was a list -- excuse me, included in the packe is a paper that had been put together to help start a new Southern Front, and this I provided to Colonel North.

Q Also attached to this document is a list of munitions; is that correct?

A Yes. This list is their current inventory that the had or that they knew of. As you can see, it is not very muc 47-AKs, 7 FALS, and 4 M-4s and 18 SKs.

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Q And did you provide this memorandum and its attachments to Colonel North?

A Yes, I did.

(Discussion off the record.)

BY MR. EGGLESTON:

Q Mr. Owen, did you write a memorandum following a trip in March of 1985 to Colonel North?

A Yes, I wrote one dated March 26, in which I told him about the flights that had come in [redacted] [redacted] and discussed the problem with that, and there seemed to be no knowledge of people [redacted] about this coming in, and it was being handled in a haphazard way, and it seemed to have been an operation being run by a Cuban by the name of Rene.

Q Let me direct your attention to mid-April of 1985. Did you have occasion at that time to take another trip to [redacted]?

A Yes, on April 13.

Q And during the course of that trip, did you provide an update of the maps to [redacted]

A It was an update of the maps. The potential for a Sandinista offensive to take place, Colonel North was concerned about that. The maps that I carried showed the prep locations of the Sandinista military around the border, where the potential offensive was going to come, and there was

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a suggestion where [redacted] could move his troops.

Q Had you obtained those maps from Colonel North?

A Yes.

Q Do you know where Oliver North had obtained the maps?

A No. I suspect it was probably from the CIA. I gave -- when [redacted], I gave the maps to [redacted]

Q Let me direct your attention generally to April of 1985. Do you recall providing money to [redacted] at that time?

A Yes, it was about that time he was in town, and I provided some funds for him for living expenses while he was here.

Q Do you recall approximately how much money that was?

A It may have just been a few hundred dollars. I think there was another time that I may have provided him with some $1,200 that he was owed.

Q You think it was not this occasion, though, in April of 1985?

A It may have been one other time when he was up here. I just don't remember when. I am sorry, let me just go back. I said that I provided the maps to [redacted] [redacted] is that right?

MR. HYLDEN: You said [redacted]

THE WITNESS: It was in [redacted]

BY MR. EGGLESTON:

Q This was a trip that you had taken to [redacted]?

A Right.

Q Again the money that you provided to [redacted] you obtained that money, I take it, from Colonel North?

A Yes, I did.

Q In 16 to 19 May of 1985, you again took a trip to [redacted]; is that correct?

A Yes. At that time, [redacted] was concerned about some of his people. He had a number of wounded, so we were told, inside Nicaragua. He wanted to get them out. Thi was brought to our attention by [redacted] who was his representative in Washington.

I had several meetings with Colonel North, and Johnathan Miller about how to set up, in essence, an evacuati of those people. It was decided that I would take funds down to buy gasoline. We had arranged for a motor to be purchased for them down [redacted]. They already had a boat.

And so I went down, met with [redacted] provided funds, and he had already been provided with an outboard moto for their boat.

Q Approximately how much money did you provide to [redacted] on this occasion?

A I think between funds and goods that were purchased somewhere around seven to eight thousand dollars.

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Q Do you recall in what form you provided him with the money?

A I believe it was in Travelers Checks, and he was rather upset because it was difficult for him to cash Travelers Checks in [redacted].

Q Again, you obtained the Travelers Checks from Colonel North?

A Right.

Q Let me show you what I would like to have marked RO-5.

(Whereupon, RO Exhibit No. 5 was marked for identification.)

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BY MR. EGGLESTON:

Q Let me show what has been marked as RO-5 and ask you whether this two-page document or three-page document, first is page 1, in your handwriting, and secondly, what is the document that is attached to it?

A It is my handwriting. It is a list from [redacted] [redacted] and his people as far as what they needed, what they felt they needed to supply their men with arms and uniforms.

Pages 2 and 3 is the list, runs everything from boats to munitions to mortars to boots and uniforms.

Q And you got this list from [redacted]?

A Yes. At the time, we were trying to develop a way that we could supply his people. The thought was that it would be easier to supply his people [redacted] because the travel time [redacted] but there was a problem that existed [redacted]

Q What did you do with the list?

A I gave it to Colonel North.

Q And did you discuss it with Colonel North?

A I believe I would have gone over it, yes.

Q What was your understanding that Colonel North would do with a list like this?

A Colonel North was in essence at times the quartermaster for the effort, and when various equipment was needed,

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it would usually be discussed with him or asked how he could supply the assistance.

Q And it was then North, it was your understanding that North would figure out a way to provide the weapons?

A Yes. In this case, I don't think we ever did, were able to provide them.

Q Do you know a man by the name of [redacted]

A Yes

Q Did you, in the spring of 1985, provide money to [redacted]

A Yes. At some point, I believe it may have been in April, I got a call from Colonel North to come over to his office, where he then provided me an envelope which had funds which he wanted me to pass on to [redacted] who was in town.

Q Did you do so?

A Yes, I did.

Q On this occasion you provided it, you obtained cash from Colonel North?

A I believe it may have been a combination of cash and traveler's checks.

Q Did you cash the traveler's checks?

A No.

Q So, whatever Colonel North gave you is what you provided to [redacted]

A That is right.

Q And where did you give the money to?

A It was on a rainy evening, and I stood outside 17th Street, across from the Old Executive Office Building. A car pulled up, and the window was rolled down, and I say it was [redacted] and provided him with the funds.

Q Did you have any conversation with him?

A No. There was another American who was with him, who I recognized and just said hello to.

Q Let me direct your attention to early June of 1985. In early June, did you have occasion to have conversations wit General Singlaub?

A Yes, I did. I flew from Washington to Denver and I drove up to his home in Tabernash. He asked me to come out for a series of meetings he was having, and at that time also, he was putting the final touches on the purchase of a large quantity of arms for the FDN.

Q And on whose instructions did you fly to Denver?

A It was a combination, in talking with General Singlaub and also talking with Colonel North.

Q What was your understanding about what you were goin to do in the meeting with General Singlaub?

A It was to sit in on the meeting he was having with several people who were coming to see him, and then also assis

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him in any way that I might be able to.

Q And the assistance you were providing was with regard
to an arms transaction?

A It turned out that he had to get some finalized figures from Adolfo Calero. At the time, Adolfo Calero was giving a speech in San Francisco, the next day, so I flew to San Francisco and had a meeting with Adolfo.

Q Who were the other people that General Singlaub was meeting with in his home?

A He was meeting with Colonel Bob Brown of Soldier of Fortune Magazine, and several of his compatriots. I know some of the names and some I don't remember now. Do you want the rest of them?

Q No, that is okay. Did you then fly to San Francisco and meet with Mr. Calero?

A Yes, I did.

Q And the purpose of that trip was to discuss?

A To go over the final quantities of arms that were going to be purchased through General Singlaub.

Q Did you take a list with you?

A I did take a list, yes, sir.

Q And did you, in fact, meet with Calero and go over the list?

A Yes. He was in a rush. He and I ended up sitting in the back seat of a car that was driven by, I believe, Richar d 5

Ainsworth and someone else was in the front seat. I had a yell legal pad with a listing of all the munitions that were going to be purchased on it, and we went through it one by one to see if those were the correct quantities that he wanted.

Q And during the course of driving around in a car, did you have occasion to call Colonel North?

A Yes, we stopped by a pay phone, and I had talked with Colonel North earlier in the day and he asked me to be sure to have Adolfo call him. I got out, placed the phone call, talked to him a few minutes, gave the phone to Adolfo and then they had a conversation.

Q Did you call him at the OEOB?

A Yes.

Q And did you hear Calero's half of the conversation?

A He was talking about, I believe he was talking about some new purchases that he needed and some funding.

Q New purchases of what?

A Possibly some arms. I am not sure that he mentioned the term arms over the phone. We had always tried to talk somewhat in codes, so whoever was listening wouldn't quite be able to understand it, but if they had any common sense, they probably could.

Q But it was your understanding the conversation was about an arms requirement?

A Partly. There were other things that were discussed.

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Q After the meeting with Calero and going over the list, you then communicated with General Singlaub?

A Yes, I did. I provided him with the final list of what it was that Adolfo wanted. We had a code worked out that we could do over the phone.

Q Do you recall the approximate total value of this shipment, of this amount of arms?

A Somewhere between 5 and $5.5 million.

Q And just generally and quickly, do you remember what was called for?

A [redacted] AK-47s, [redacted] rounds of ammunition, I think [redacted] grenades. One of the questions that General Singlaub had was about the purchase of some SA-7s. He believed he had a good deal on them. Adolfo felt it would be too expensive, and also at this time, he was trying to get the British Blowpipe.

Q Did you receive a gift, or was a gift received during the course of this trip?

A I brought a gift to Adolfo Calero from Jack Singlaub. It was a Brazilian hand grenade which had been hollowed out, and a Zippo lighter had been put in it.

One of the scary things was that I walked through the Denver Airport and I never set off the alarm.

Q After returning to Washington in early June, after this transaction involving General Singlaub, did you discuss

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the deal with Colonel North?

A Yes, I went in and had a meeting with him and went over the list. As a matter of fact, I provided him the same list that I had gone over with Adolfo Calero.

Q And so, it was a list that totaled about $5.2 million, or between $5 and $5.5 million?

A Right, and a discussion took place about the SA-7s and the British Blowpipes and so forth.

Q What was the discussion about the SA-7s and the British Blowpipes?

A At the time, Colonel North was trying to get some blowpipes, or had potential access to getting some SA-7s that I thought he might be able to get at a less expensive cost.

Q In mid-June, about June 8 of 1985, did you fly to Miami with Colonel North?

A No, I flew down the day before. I was asked to go down and rent several rooms at the hotel at the airport of Miami International. He was coming down for a meeting with Adolfo Calero, Alfonso Robello and Arturo Cruz, and I was asked to set up for that meeting, and he flew in on Saturday night around 12:30 p.m. -- or a.m., excuse me, and then I put him on a flight that left towards Atlanta at 5:00 a.m.

Q And did a meeting take place with Colonel North and others?

A Yes. There was Colonel North was there, along with Alfonso Robello, Arturo Cruz and Adolfo Calero and Jonathan Miller was also in attendance with me.

Q And what was the purpose of the meeting? What was discussed?

A The meeting was to go forward in discussing the unity amongst all the groups, in setting up UNO.

(Discussion off the record.)

BY MR. EGGLESTON:

Q During the course of this trip, did you provide any money to any contras?

A I ended up staying several days longer in Miami, where I had a series of meetings with various representatives of the Indian factions. At the time, we were trying to encourage a unity meeting amongst the Indians in Miami, where they would get together and discuss a program, to put together an assembly, either [redacted] or on the [redacted] border, where they would elect a new leadership, and I did have some funds that I provided to [redacted] for living expenses.

Q And how much money was that?

A $2500 to $3,000, somewhere along there, I think.

Q And where did you obtain that money?

A From Colonel North.

Q And in what form did you provide the money to [redacted]

[redacted]

A Traveler's checks.

Q Did you provide it in traveler's checks?

A I believe so, yes. It was also either at that time or before that, I had a meeting with [redacted] and one of the other [redacted] leaders, and I placed a call to [redacted] [redacted] to [redacted] to try and get them on talking terms, and try to have [redacted] attend this meeting, and he subsequently did come up to Miami for the meetings.

If I may add, I may have taken a day trip down later the next week to provide more funds. I don't remember, but I don't think [redacted] had come at that time, and I ended up going down to provide some money for [redacted]

Q Providing money to [redacted] in a separate trip.

A Right, or money to [redacted] plus to some of the others, an additional fund, but we were in essence trying to support them while they were here going through their meetings.

Q Let me direct your attention to late August of 1985. Did you travel to Costa Rica at that time?

A Yes, I did.

Q And what was the purpose of traveling to Costa Rica in late August?

A I was asked to go down on behalf of Colonel North to meet with [redacted] to

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discuss the establishment of an airfield that could be used to resupply the democratic resistance.

Q And Colonel North asked you to take the trip?

A Yes, he did.

Q And who in Costa Rica did you discuss this with?

A I was met by the [redacted] at the airport, and I subsequently had some meetings with him, and then I also had a meeting, I believe, with Ambassador Tambs, and the [redacted]

Q And the purpose was to discuss where to obtain, where to place the air strip?

A Yes, it was. There were two openings at the time, and they had pretty much settledon one, and we discussed this with [redacted] arranged for us to fly out the next morning by helicopter to do a survey of the site.

Q And did you?

A Yes, I did, and I took pictures and brought them back.

Q Was there discussion about using offshore accounts and companies in order to establish the airfield?

A Yes, we discussed what kind of cover operation could be established, so that we would not draw too much attention. The thought was to set up a Panamanian company if one didn't already exist, and have the property either purchased or rented by several Americans who would be establishing either an agricultural testing center or for some other means to use it as a cover.

Q And did you discuss this concept with Colonel North?

A Upon my return, I provided the pictures and provided a memo to the Colonel on the establishment of the airfield.

Q And that is the memorandum that you provided to us that is dated August 25, 1985?

A Yes.

Q Did you have any further dealings with this airfield

A I had some, but a decision was made at that time to take me off the account. NHAO was about the be formed, and the thought was that it would be best to have me become legitimate and therefore possibly go to work for NHAO.

[redacted]

Q Let me direct your attention to late August or early September of 1985. Did you have a conversation with Colonel North about [redacted] at that time?

A There had been a series of discussions going on for quite a while about trying to raise money from [redacted] countrie I was asked to come in and see him, and asked to pay a visit

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the representative at the time [redacted]

Q And were you given anything to take with you?

A Yes, I was given an envelope which had a foreign bank account number on it.

Q Do you know where the bank account was?

A I believe it was Switzerland.

Q And you know this not because you saw it in the envelope, but because Colonel North told you what was in the envelope?

A Right.

Q And did you, in fact, give it to the representative of [redacted]?

A Yes, I did. I had a meeting with him, and provided him with that envelope, and thanked him very much for whatever he could do to help.

Q Who was the individual?

A It was [redacted]

Q

A

Q Did you have a conversation with the representative?

A Yes, it was a brief conversation. We talked about what was in the envelope, and the need for it, and also how much it was appreciated. I believe in the conversation, he dic

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say that he had several conversations with Colonel North, and also Gaston Sigur may have come up.

Q Was the conversation about the contras?

A It was in essence, and it was also talking about their need and how our government certainly would appreciate whatever assistance they could provide.

Q What other --

A I will add that when I did go, I did say that I was not a formal representative of the United States Government, that I was a private individual.

Q What other [redacted] countries were mentioned as being possible sources of funds for the contras?

A [redacted]

Q Any others that you recall?

A No. Subsequently, I heard [redacted] was one, too.

Q These are in conversations that you had with Colonel North, I take it, where other countries were mentioned?

A Yes. Also, General Singlaub had been actively trying to solicit assistance.

Q Let me direct your attention to September and Octobe of 1985. It is my understanding from prior conversations with you that you took three trips to New York in or about that time in order to obtain money.

Could you just very briefly describe each of those three trips, on whose instructions you took the trip, and the

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logistics for the trip?

A Again, I had several conversations with Oliver North. One time, I was called in and asked to go to New York to pick up a packet from him. He put me on the phone with Mr. Copp.

Q C-o-p-p?

A C-o-p-p. Who I knew was General Secord, and he gave me instructions. I few to New York. I then called Copp to get the final instructions, and on two occasions, I went to a bank, and was given a name of a person to go see, and then I was handed an envelope. Once I did see them, I said who I was from.

Q When you said where you were from --

A I believe I said you are expecting me, I am from Mr. Copp. I believe I used Mr. Copp's name.

Q And on another occasion, you obtained money not from a bank, but from another place?

A No, on Rosh Hashanah, which I believe was September 16th, 1985, it was a bank holiday in New York. I flew to New York, again talked with General Secord. He gave me the address of a corner Chinese deli on the West Side, the Lower West Side of New York, a Chinese vegetable stand, and I went to --

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BY MS. BENSON:

Q You said Lower West Side?

A Yes. I went to the location. I had been given a name. I asked for the person, and I told them that I had been given a name to use by General Secord, and I gave him that name. It was not Secord. It was something like Manny, but I really can't remember.

The individual then went behind the counter and unrolled his pant leg, I believe, and pulled out a wad of $100 bills and then asked me if I wanted to count them. I subsequently did, and there were 95 $100 bills.

I then flew back to Washington, went to the Sheraton Carlton Hotel, where I was to meet General Secord. I saw him in the bar. I went downstairs and used the house phone, called the bar, told him I was there; he came out, met me in the lobby, and I handed him the money rolled in a newspaper.

Then I did say, well, I think he must have taken his 5 percent. I commented that there was $9500 there. I thought I would provide an even 10,000, but he said through the currency restrictions, he didn't want the money to be $10,000 or higher, so that is why it was $9500.

BY MR. EGGLESTON:

Q Mr. Owen, in October of 1984, you had become employed as a consultant to NHAO; is that correct?

A Yes.

Q And did you become employed as a consultant through the foundation that you had set up?

A Through an organization called the Institute for

Democracy, Education and Assistance. It was founded in January 1985 as a nonprofit 501(c)(3).

Q Mr. Owen, in late November of 1985, did you take a trip down [redacted], did you not, with regard to a humanitari flight?

A In November --

Q Of 1985?

A Of 1985, November 13, I flew down [redacted] to do a survey of the needs and how things were going. Money had started to flow at the time, so I met with a number of the FDN, also with [redacted] and with [redacted] [redacted]

Q I am not going to ask you any more details about tha trip, although you have provided them to us in prior meetings that we have had. Let me direct your attention to the trip that you took in January of 1986, the 11th to the 18th. I understand that at that time, you took a trip from New Orleans actually down to [redacted]; is that correct?

A Yes. I had met with Colonel North, and he asked me to accompany a flight that was going down to [redacted]. At the time, though, I was working for NHAO. I still let him knc what I was doing, and did some work at his request, so I had to walk a very fine line with NHAO, and Ambassador Dooling, bı I did fly to New Orleans, and then drove over to Gulfport, Mississippi, where I met with some representatives of the Nav

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who were providing the Butler Buildings, and then on SAT, Southern Air Transport, L-100 came in to the air strip there.

We loaded on the Butler Buildings and we flew to [redacted] where the buildings were unloade and they were to be used to store at that time potentially NHAO goods, because [redacted] had shut off flights, and we had a backlog of material that had to get down there.

Q You take then an additional series of flights or trips down to Central America in the winter and spring of 1986.

A Yes.

Q And let me just ask you on one occasion, you became involved with one particular flight that had a series of meetin -- or with you and Chi Chi and Colonel Steele. Could you relate when that took place, and information about that particular flight?

A I met with Colonel North, I believe, sometime around the 23rd of March, and during this time, we were continuing to try and find ways to supply the southern front with arms inside Nicaragua, either through air drop or any other means.

A SAT flight was going down from Dulles to Miami, and then on to [redacted] I went up to Dulles, picked up the SAT flight. On board was a representative of Dick Gadd and myself, and flew to Miami.

Where there, we tried to, the pilots tried to get equipment that could be used for an air drop. The idea was

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that medical goods would be unloaded at [redacted] [redacted] Arms would then be loaded up. The flight would fly to [redacted] where the arms would be packaged for a drop, and then the following night, it would be dropped to the forces in the south.

In [redacted], we were greeted by Ramon Medina and Chi Chi Rodriguez.

Q Chi Chi Contero? Quintaro?

A Chi Chi Contero and Felix Rodriguez. The arms had not been released at [redacted] when we arrived. I went and asked [redacted] if he would call [redacted] and asked them if they were released, and if there was some follow-up, because I had been assured by Colonel North that they would be there waiting for us to load.

He did, and the reply came back that the FDN hadnot released the arms.

BY MR. SMILJANICH:

Q Was that [redacted]

A You mean at [redacted]? It was neither one. It was one of their representatives. He did a coded call into the [redacted] and they tracked down, I believe they tracked down [redacted] The arms that we were going to move had already come into [redacted] and they were supposed to have been moved over to [redacted] by this time, and to be loaded up, or the FDN was going to provide some of

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the arms and munitions. This did not take place. We were in [redacted] Several calls were made to Colonel North, also by Colonel Steele [redacted] and a call was placed to [redacted] to cancel the drop when things didn't work out.

We went through a series of meetings to try and come up with a way to get the arms. Finally, it was decided to scrub the mission. They went back to Florida, and I went down t[redacted]

BY MR. EGGLESTON:

Q Mr. Owen, you had other trips which you took to Central America throughout the summer of 1986.

A Until June of 1986.

Q Until June of 1986?

A Right. My last trip for NHAO, I came back on May 30

Q And let me just direct your attention and just cover some things in a summary fashion.

Obviously, these are areas that you have substantial additional information about, and you have provided that to us, but almost by my summary, you previously told us that you had conversations with Colonel North about the CIA purchasing the private material that had been used for the private supply operations, is that correct? You had previously told us about that.

A Yes. He had hoped that the agency would pick up the private network that had been set up and use that.

Q Those conversations you had with Colonel North were in the summer of 1986?

A Summer or early fall, and he was rather upset because the agency didn't want to touch any of it. They felt it was tainted, and the people were already exposed, and so they did not want to have anything to do with it.

Q You have also told us that a meeting took place between you, at least one, in or about September of 1986 with General Secord, where he told you a number of things.

One of the things that he told you about was the decision in 1985 to remove Calero from control of the funding, and that the funding control was put in the hands of Secord and Colonel North; is that correct?

A Yes, it is.

Q And did he also tell you about a meeting that had taken place between himself and Director Casey?

A It was either at that meeting or another meeting he talked about it, at least one if not several meetings he had with Director Casey.

Q During the course of the meeting between Secord and Director Casey, Secord had discussed with Director Casey the situation in Nicaragua, and also the purchasing of the assets of the airfield; is that correct?

A I believe so. I am not sure.

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Q You were relating to us in any event?

A Right.

Q What Secord told you about the meeting.

A Right, and it may have been -- yes.

BY MS. BENSON:

Q Yes?

A Yes, as well as I can remember. There were things we needed to discuss, I talked at at least one meeting with Director Casey about the effort.

Q Do you recall General Secord saying that he had spoken with Director Casey about the CIA purchasing the air strip and the other assets connected with the air supply operation?

A I believe so. I can't be 100 percent positive, but I believe so.

BY MR. EGGLESTON:

Q It is your best recollection that in the meeting that you had with General Secord, General Secord had told you about this meeting with Casey, and you think that is one of the things?

A It was either in this meeting or a meeting I had with General Secord in Colonel North's office.

Q And when would that have been in relation to this?

A Sometime in late 1986.

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BY MR. LEON:

Q Who was at that meeting?

A Secord, Ollie and myself.

BY MR. EGGLESTON:

Q Mr. Owen, let me ask you in the spring of 1985, at the time that you were providing the money to the various contra leaders, did you and Colonel North joke about who was going to jail first?

A Yes, we would joke about that.

Q And did you also joke with Jonathan Miller about that?

A Yes, we did. We thought we should bone up on our chess games so that we could play between the bars.

Q And was this because of the sort of generally fertive and unseemly nature of distributing money on rainy street corners outside the OEO Building?

A I would say that mightbe an appropriate statement.

Q Was there any specific discussion of the Boland amendment and whether or not you were violating the Boland amendment?

A It was very questionable. I think everyone knew we were walking a very fine line.

Q But nevertheless, you joked that you might have gone over the line and might end up in jail?

A Yes.

Q Let me ask you, did Colonel North tell you whether or

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not the President of the United States knew what Colonel North was up to in Central America?

A He did not say it in those words. He did say, I once asked him about the memos that I provided to him, and he said they went across the street to those above him. He did say, don't worry, what you are doing, you are doing it for -- is what the President wants done, and it is for God and Country.

Q You knew at that time that the President was meeting with various private fund-raisers; is that correct?

A Yes.

Q And you knew that the meetings he was having with the fund-raisers was with regard to raising money for the contras?

A Yes.

Q And that that money was being funnelled into Colonel North?

A I knew that funds were being pulled together. I didn't know where it was all being funnelled. Are you speaking about one particular group, one particular fund-raising group?

Q I wasn't speaking about one group in particular, actually. What I was really asking about is just whether or not you had any conversations with Colonel North about whether or not the President knew about where the money was going to go, and the purpose for which the money was going to be raised.

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A Actually, those conversations didn't really take place between me and Colonel North.

Q Did Colonel North tell you, as he has told others, that the President knew what he was doing with regard to maintaining the operation in Central America?

A I got that impression, yes.

Q Did he say things to you that led you to conclude that the President knew?

A He said, what you are doing you are doing for -- I can't exactly remember what the words were, and I don't want to put words into his mouth, but it was in essence, the fact that what we were doing was for this President and for this Administration.

Q But knowing Ollie, you didn't have any reason to think that he was doing it completely on his own?

A No. I once had a conversation with him, as a matter of fact, the day that all of this broke, and his comment was, "You know, I would never do anything unless I was ordered or I was under order to do it. I would not do anything on my own."

MR. EGGLESTON: Thank you very much.

MR. GREENEBAUM: I only want to ask you one thing. Near the end, you started to give what appeared to be a menu of things that this witness has discussed with you, and I would only want the record to reflect that you discussed many things

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which were not in that menu. I don't think you meant it to be all-inclusive.

MR. EGGLESTON: Mr. Greenebaum has just indicated to me that I had listed various things, in quickly going through the end of the deposition, the various things that Mr. Owen has told us about. That list was not intended to be exclusive in any fashion.

He has also told us about a number of things that occurred in the summer of 1984 to 1986.

THE WITNESS: I would just like to add that on several occasions, Colonel North did tell me that he would be the fall guy if things went bad.

MR. EGGLESTON: Thank you.

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(The deposition was moved to room 2261 Rayburn House Office Building).

Mr. LEON: Back on the record.

We have taken a briefing break and relocated our offices.

Just to introduce myself for the record, my name is Richard Leon, the Deputy Chief Minority Counsel, for the House Committee , and with me is Terry Smiljanich, Counsel for the Senate Committee.

BY MR. LEON:

Q I would like to pick up a few areas, Mr. Owen, that you previously discussed with Mr. Eggelston, and go over those with you.

First of all, with respect to the discussion that came up regarding Ambassador Duemling, and the fine line you were walking, I think you were talking about your involvement in the Bulter Building?

A Right.

Q Being located into [redacted]?

A Inte [redacted]

Q [redacted] excuse me. Would you elaborate a little bit with respect to your comment about you were walking a fine line there?

A It was Oliver North's suggestion that I apply for job at NAHO. When I first went to meet Ambassador Duemling he didn't see that there would be a place for me. I think

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that he probably in the beginning, felt that he was pressured to hire me by Oliver North and possibly others. I think in the beginning also, he therefore, was very wary of me and what I was doing. He looked upon me perhaps as Oliver North's man in the inside who could keep him informed as to what was going on.

Again, in tne very beginning he wasn't quite sure what it was that I was going to do, and he may have felt he was saddled with me, but he eventually -- we ended up having a very good working relationship, at least I think so, and I tried to keep him as best informed as I could.

There was always some question as to who I really worked for. During a GAO investigation, they asked me do you work for, you know, or do you work for Oliver North, or do you work for NAHO. And I said, I am paid by the State Department. I contract to them, but the UNO people are the ones I am supposed to be responsible to. So, in essence I was sort of working for three different groups -- NAHO, Oliver North, and UNO.

Q Did you have any reason to believe that the funds that were paying your salary came from UNO?

A No, I knew that they were U.S. Government funds from the State Department, part of the $27 million grant.

Q Now, with respect to the Butler Building, when you said you were walking a fine line, did you consider your

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conduct at that time to be potentially in violation of the Boland amendment?

A No, as a matter of fact, the reason I said that about walking a fine line with the Butler Building is because I knew about it before Ambassador Duemling talked to me about it, so that is how. I mean, everyone was sort of playing bames, and Colonel North didn't want Ambassador Duemling to get upset with me, so we sort of had to finesse a number of things.

Q But you didn't consider your conduct in assisting with those buildings, to be potentially in violation of any law, and in particular, the Boland amendment?

A No. Specifically because the decision to move the Butler Building down there was predicated on the fact that no supplies could go through [redacted] The thought was that [redacted] could be a staging point for air drops to the FDN and potentially the troops in the south, and it would be able to provide a way station. Obviously, the thought was humanitaria goods could be used for it, but subsequently, they were used for arms as well.

Q At another point in your testimony earlier, you were talking about conversations that you had with Colonel North and Mr. Secord with respect to the resupply operation, and certain of its assets -- in particularly airplanes and the airstrip. Do you recall that?

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A Yes.

Q With regard to that, I would like to see if I could clarify something for the record. Was it your impression that Colonel North, in 1986, believed that those assets, the airplanes and the airstrip, were things that were going to be sold to the CIA, or just given to the CIA?

A It was my impression that they probably were going to be given. General Singlaub --

Q Singlaub or Secord?

A No, I am changing. Singlaub is another individual who I had a number of dealings with and the General on one occasion, hoped that he would be able to sell his assets, or at least get reimbursed at cost, so he could then go use those funds for other efforts that he was involved with, but he was told that that was not oging to be the case, that he would have to give them over, and even by his givingthem, there was some question whether the CIA would make use of them.

Q Was it your impression that General Secord believed that those assets were owned by the Contras or by Udall or some others?

A We never really discussed that, but during several conversations the thought was that in essence they wanted -- my impression was they wanted to give them to the agency or have them pick up --

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Q Who is they?

A Ollie -- Colonel North, General Secord. At least they wanted to have the agency pick up the tab for the cost of fuel, the planes and the pilots, and the network that had been put together, so that it wouldn't have to come out of funds that may not exist any longer, or may have run out by then.

Q When you say the planes, do you mean the CIA would purchase the planes?

A That, I don't know. I can't comment on that.

Q Can you comment as to whether it was your impression that there was any disagreement between North and Secord as to what should be done with those planes?

A I don't know.

Q Did you sense any?

A No. The only sense I had was that Ollie wanted the equipment to be used, seeing as they were already in place and felt there was an ongoing operation.

Q You have mentioned in your prior testimony [redacted] [redacted] Did you have any personal meetings or discussions with [redacted]?

A I never had any personal meetings with [redacted] but on numerous occasions when I would be in Ollie North's office, he would pick up the phone and call [redacted].

Q Were you aware that [redacted] was a member of the

RIG organization?

A Yes, I was. I knew that in essence that the RIG was Oliver North, Elliott Abrams, and [redacted].

Q Did you ever have any personal meetings or discussions with Elliott Abrams?

A No, I did not.

Q With respect to [redacted] did North comment to you from time to time on [redacted] involvement in this?

A No. The only conversations would be when he had phone calls with him while I was in the office, but we did not discuss his intimate knowledge or working relationship, although I was under the impression that everything Oliver North did, and I will add here most eveyrthing that [redacted] did, [redacted] knew about.

Q That is more specifically what I wanted to get to. You dealt with [redacted] extensively?

A Yes.

Q Was it your impression that his acts with respect to this program, were done with the knowledge and consent of [redacted]?

A I believe that they were at least done with his knowledge. I don't know whether [redacted] consented to it. I think one of the things that should be kept in mind is that the difference between [redacted] is that in [redacted] there was an ongoing military effort and a structure that existed. There was no real structure in the south, and it was an effort undertaken by a number of people, including [redacted] and myself, and others, to try and develop the structure so that there would be something to use in the south for a second front against the Sandinista military.

Q Did you ever get the impression from [redacted] that he was acting either outside the knowledge of [redacted] or against the orders of [redacted]?

A No. I knew from conversations that there was some, potentially some animosity between [redacted] and [redacted] but I did not get the impression that he was -- let me just backtrack and say that the operation was small enough so that [redacted] knew what was going on. I am constrained that he knew what was going on.

Q Did Ollie North ever give you the impression in either anything he said or anything he did, that he was asking [redacted] to do something, anything, without the knowledge of [redacted]

A No, I did not get that idea. But in April I did take an encryption device down to [redacted] so that he could have his own --

Q April of what year?

A April of 1986 -- his own secure communications link directly with Oliver North so that he wouldn't have to run to the secure line everytime they talked.

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Q The secure line at the Embassy?

A At the Embassy and at Ollie's office, yes.

Q Do you know whether or not [redacted] was aware of that?

A That, I do not know.

Q Do you know if [redacted] had a similar such device?

A That, I do not. My guess is no, because Ollie just picked up the secure line and called him.

Q With respect to Ambassador Tambs, did you deal with im directly?

A I first met Ambassador Tambs in Oliver North's office before he went down to Costa Rica to assume the Ambassadorship. Ollie introduced me as one of his people that would be traveling frequently down there. The Ambassador said any time youare down, please stop in and see me. So, on most of my trips down there, I did go in and visit him. Sometimes I would be alone, but most of the time [redacted] woul joint us.

Q Was it your impression that Ambassador Tambs was communicating with Elliott Abrams with regard to his conduct down there?

A I don't know that.

Q You don't know?

A I would imagine, but I don't know that for sure.

Q Did you have any reason to think that Eliott Abrams was unaware of Mr. Tamb's conduct?

A No.

Q With respect to Colonel Steele, did you deal with Colonel Steele?

A The first time I met Colonel Steele was with the MIL Group commander [redacted]

I then saw him again in March, at the time we had gone down there and were trying to put together the first drop to the forces in the south.

Q In March of '86?

A March of '86, yes. He was in on several meetings Ihad with Chichi Cotero and Felix Rodriguez.

Q You only dealt with him twice?

A Yes, I believe that I was only in [redacted] think three times or four times.

Q How about Mr. Gadd? Did you have many dealings with him?

A I had a couple of lunches and maybe three or four times we had lunch together. I think I was introduced by phone to him as Mr. East, and Colonel North had aked me to get in contact with Mario Calero, and to encourage Mario Calero to talk to Mr. East and also to set up a meeting so that Mr. East would be the person they would turn to when flights

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started up again, he would be the contact officer for moving the goods, and I also mentioned it to the NAHO people that he would probably be a good person to use. Subsequently, I learned his name was Gadd.

Q And Robert Dutton, dod you deal with him?

A Never met him.

Q Never met him?

A I don't believe so, no. I don't believe I ever met him.

Q How about Max Gomez?

A I had met Max initially in March of 1985. I was introduced to him as someone who could do a number of good things down south. I belive that it was at that time he was trying to decide whether to go to work with the FDN or go to work in Salvador, and we discussed some of the thing that he would be able to do for the FDN [redacted] and try to set up various programs that were necessary.

I talked to Colonel North about him, and he said yes, but he thought he was going to Salvador. I then met him in March when I was down there, and then again in April [redacted]

Q Were you aware of any conflict between Max and with the Secord operation with respect to the use of planes and the distribution of those planes, those assets to the CIA in the future?

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A No. The biggest conflict that I knew was, one, there was a meeting in August of 1986.

Q Exactly.

A When Colonel North was out of town, but I believe his deputy, Robert Earl sat in on it. Colonel North was upset at the meeting, was upset about the meeting because he felt that --

Q Is that a meeting with Donald Gregg?

A Yes. At the time, I only knew there was a meeting that took place at the White House, where they had a variety of representatives -- I believe some from the Agency, from the NSC, the Vice President's office.

Q Let me back up. Were you aware there were two meetings -- one on August 8 between Donald Gregg, Felix, Robert Earl, and then one on August 12, with representatives the Ambassador Corps, Colonel Steele, and others?

A I knew that there was at least one, if not two meetings had taken place, so I wasn't familiar with the dates. I do know that at least one of them there were representatives from State and the Agency that were there, and Colonel North was upset. He felt that Felix had been maligning the effort, and also there were I believe conversations that took place about what is going to happen once the military funding was released by Congress.

Q Did Colonel North relay to you that there was a

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disagreement as to who owned the assets and whether or not they should be given to the CIA or sold to the CIA?

A No, that did not come up.

Q Were you aware that Colonel North had a meeting with Dutton and Felix Rodriguez in June of '86 in which he castigated allegedly Felix Rodriguez?

A I knew that there was a meeting when Colonel North had flown down to [redacted] and met with Felix and met with Colonel Steele, and I believe [redacted] accompanied him on that meeting, and they had talked about the assets and what was going on. I knew that there were always problems with it. There were concerns of mismanagement, there were concerns of funds not getting through on time. There were concerns of the quality of equipment and the lack of coordination.

Q Did you discuss with Colonel North the possibility that the contras were being ripped off, defrauded by Secord and other people working down there with Secord?

A In March of 1986 I made a memo to Colonel North in which I discussed some concerns that people had about the possibility that General Secord was making large profits out of this.

Q This is concerns of who?

A Concerns on the street that I had heard from a variety of sources, and also at one time, I am not sure it was at this point or another point, Adolpho Calero had made

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mention of it, and at this time in the memo, I put in Tom Clines and several others.

Q Did you see any evidence to indicate that Secord was doing such a thing?

A Was making money off it? No.

Q Have you ever seen such efforts?

A No.

Q Have you ever seen any direct involvement by Tom Clines in any of these activities, or Secord or his other people?

A No. I just knew that he was involved.

Q Do you know if the name Clines and the defrauding of the contras came up in the context of the meeting with Donald Gregg in August of '86?

A I don't know that for a fact. I heard a rumor that there was some concern about money being ripped off. I know Felix Rodriguez had a concern that people were making money off of this effort.

Q Did Colonel North give you his assessment of whethe such things were happening, in his opinion?

A I believe it was in that March meeting, where I talked to Colonel North about it, and he said "I don't believe that Secord is making money off of this."

I believe on one other occasions, when I talked, he talked about Secord using his own money to set up a variety

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of proprietaries that were being used. At that same meeting in March I brought up Peter Maas' book, where the list of figures ran like a whos who in the contra operation, and a concern was voiced by [redacted] It may not have been that meeting, it may have been a subsequent meeting, but also the fact that there were allegations that monies were being made and that the contras were being ripped off.

Let me just add that also in that same discussion I talked about another group who were saying that they were working for Secord and North, but in essence had their own arms operation going, and they subsequently became known as the Supermarket Contras, but were using as a cover, from what I had heard, Secord and North's names.

Q Do you know who those people were?

A They were connected with Rob Martin. David Duncan was one of them. There is another name -- Alberto Cappo, and Patrice Genty.

Q You have testified previously to handling money on behalf of North?

A Right.

Q To give to other people, and yousaw on numerous occasions North in the posession of money in his vault?

A Right.

Q In the safe?

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A Right.

Q Let me start at the top here. As to yourself, besides the money you were paid as salary for your acts here, did you ever perosnally profit in any way, shape or form, from your activities down there?

A While I was working for Adolpho Calero, I made $2500 a month, and whatever my travel expenses were, and I provided an accounting to Adolpho Calero -- and I would also provide a copy of that accounting, I would also usually provide a copy of the accounting to Oliver North.

When I would take trips to New York to get the funds, I was paid usually out of North's safe for whatever my expenses were.

When I worked for NAHO, I was provided a contract which said the maximum I could get would be $3650 a month. I took $3350, the other $500 I used to help cover expenses, phone calls, things like that.

On one occasion, on my wedding, I was given a thousand dollars and that probably came from those funds. So that would be my only profit perhaps.

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Q Who gave it to you?

A Oliver North.

Q Did you understand that that was a gift?

A Yes, it was in essence I guess you could say, a bonus or whatever, for the work that I was doing, but I would

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like to add right now that I am in debt and have no job, so I don't think I profited from it.

Q Do you have any knowledge --

A And my wife will certainly admit that I didn't profit for it.

Q Do you have any knowledge about Colonel North making any profit or taking any money from any of these funds that he was in posseion of or distributing to anybody?

A I had heard on one occasion from one source who I did not always find reliable --

Q Who is that?

A A fellow by the name of [redacted] I brought his name up before. I did not always think his information was reliable. I would find it very difficult to believe that Oliver North profited from it.

As one person said, if Oliver North profited from it it just shows there is no Santa Claus.

Q You have no evidence that indicates that?

A none whatsoever.

Q And you have seen nothing that indicates that?

A I had heard rumors that --

Q From [redacted]

A From

No, I have no evidence.

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Q And when did [redacted] tell you this rumor?

A The spring of '86, I believe.

Q And how much under his rumor?

A He didn't say. He didn't give any costs.

Q Where is [redacted] now?

A I don't know. Maybe Florida.

Q Do you have any knowledge, have you seen any evidence or do you know of any evidence indicating that [redacted] [redacted] made any profit or took any money in relationship to these activities?

A No, I have no evidence and I would believe, as with Oliver North that neither one of them made any money out of this.

Q How about Ambassador Tambs?

A I have no evidence and I again would believe that they would not make money out of this. They were U.S. Government employees who were doing what they thought was right.

Q How about Colonel Steele?

A Again, I have no evidence.

Q How about Adolfo Calero?

A Again, there was quite a bit of speculation, rumor, that he or his brother, Mario, were making money, but I have no evidence.

Q How about General Secord?

A Again, rumors ran rife, and there was speculation

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by a number of people that he was making money off of this. They were Nicaraguans who brought this up to my attention. There were Americans that brought this up to my attention, but I have no evidence nor no knowledge that he was making money off it.

Q Now, with respect to legal opinions, early on I believe you testified as early as '85 you and Colonel North and perhaps Johnathan Miller, joked intermittently about who would go to jail first?

A Right.

Q At that point, or prior to that point, had you received or sought any legal advance with regard to your conduct up to that point?

A I did when I set up IDEA.

Q When was that?

A That was in January of 1985, and the fact was if I were to have done things through IDEA, I was concernedabout the Foreign Agents Registration Act. Also because I was being paid by Adolfo Calero that I was possibly in violation of that but it was also felt that I shouldn't register as a foreign agent, because obviously, that would tip off the press and others, so the decision was made that I would not file.

(Off the record discussion)

MR. LEON: Back on the record.

MR. GREENBAUM: For the purposes of the record,

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we just want to confirm our discussion off the record that while Mr. Owen is prepared to be cooperative, we do not want to waive any attorney-client privilege and we respectfully request that any questions in that area be delayed until we have time to talk and consider it further.

BY MR. LEON:

Q Fine.

Let me ask you this, Mr. Owen --

MR. GREENBAUM: Other than what he has already told you.

BY MR. LEON:

Q Right.

Did Oliver North ever present you with any copy of any legal opinion that he received with respect to what he was doing on this program at any point in time?

A No. Although I had heard that the IOB, the Intelligence Oversight Board, had provided him with a memo saying that what he was doing probably under the Boland amendment was legal, not illegal.

Q Did he mention the name of who wrote it?

A I know Bret Sciaroni, who was the counsel.

Q Were you familiar with any private attorneys who Mr. North saught advice from with regard to these areas?

A A conversation came up -- and I don't know when it was -- that they had run this by a private attorney and that he had found it was not illegal.

Q Did he say the name of the private attorney?

A It was probably Tom Green.

Q Do you know when that would have been that he ran it by him approximately?

A No, I do not know when it was.

Q Could it have been as early as 1985?

A Yes.

Q If knew it right from the outset of your activities?

A Right.

Q Did you have any role in the preparation of a chronology of events in the fall of 1986?

A No.

Q November of '86?

A No.

Q Has Oliver North asked you to assist him in the destruction of documents?

A No.

Q At the present time?

A No. I will say here that it has never really been asked, but I want to put it on the record that there were documents as things went along, taht he did destroy.

Q At whose direction?

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A At my own.

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Q Why did you destroy them?

A I didn't want to leave them hanging around.

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Q Security?

A That, and then when it was felt that investigations were going to take place, I obviously knew there were some that I may have just thrown out, and also when I moved, there were just a number of papers that I had lying around that I threw out, but as you have with the documents that I provided you, obviously I did keep some and chose not to throw them out, so that there may have been some documents that I had provided for Colonel North that are not on record that he either kept or that I kept.

Q I have an awful lot of other questions, but in deference to my Senate colleague, I think I will just turn it over to him right now and we will discuss them at another time, if we have a further deposition or another session.

BY MR. SMILJANICH:

Q Mr. Owen, were there any particular documents you can recall that you went out of your way to make sure were destroyed?

A There may have been some lists or copies of lists of arms, things like that. I don't think there were any memos to Oliver. Actually, when I moved, as I said, I threw a number of things out. Included in that was the memo that we talked about proprietaries, and a memo from a lawyer which was used or which gave advice as to how to set up laundering operations, not laundering operations, but

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I should say movement of funds overseas.

Q And those you say were thrown out just in the process of a move as opposed to specifically trying to destroy them?

A No. I was just going through things, and what I felt I needed or wanted to keep around, and I think it was about the time that the investigation was breaking because we moved about that time, so it may have been just before. I don't remember the time exactly.

Q When this whole controversy that we are all here about first arose, was there ever occasion when because of the pendency of this controvery, you went through your documents and pulled out certain ones and destroyed them?

A That was about the time that I moved, so I must have gone through and gone through and just said well, there is no reason to have this. Maybe there were names on it that I didn't want if I were ever subpoenaed or documents subpoenaed I didn't want on the documents or lists of munitions and things like that, but I can't -- to recreate them, the specific ones was the proprietary, the other one from the lawyer regarding the setting up of overseas bank accounts.

BY MR. LEON:

Q Do you know the lawyer's name?

A Yes, his name is Bill Kasselman. He is a lawyer in town. He probably has a copy.

BY MR. SMILJANICH:

Q Did any of the documents that you either destroyed or got rid of contain information concerning the involvement of U.S. Government officials in this operation or various operations?

A No, because by and large, the only U.S. Government official I had dealings with were Colonel North and then, when I was with NHAO.

Q Tell us about how it came about that you delivered these encryption devices to Central America, and who you delivered them to?

A I only delivered one, and that was to [redacted] [redacted] and Colonel North asked me to come over and take it down for him, plus with the month's encryption. There was usually a cannister, this was a cannister for each one that would have each day the code would change, and I took that down for the month.

I believe it was through the month of April. I think that possibly came out of the botched flight at the end of March. I told Colonel North in a memo that he should set up secure communications like between [redacted] [redacted] and Washington, for the private aid network.

Q And there was just the one encryption device that you took down?

A Yes, that was the only one. I knew that Gadd had one, and certainly that Colonel North had one, and that Secord had one. I don't know where the others went, and I don't know who --

Q You didn't deliver it to anybody in [redacted]?

A No. They did not have one at the time. I think I subsequently learned that Chi Chi Contero took one down or had access to one.

Q Were these KL-43s?

A TRWs. I didn't know the terminology. I guess that i what they were.

Q Because of all of the work that [redacted] had to do down south, didn't you and others sometimes refer to him as the Commandante of the South?

A No, I never did.

Q Did you hear other people call him that?

A No, not really.

Q I thought you told us that last time that he was called the Commandante of the South?

A No, I don't think. I don't remember that. You can go back and check the notes, but I don't remember that.

Q Since this controversy erupted, have you talked with Oliver North about any of the facts that you have testified to here today?

A No. I have met with him on two occasions. Each time, he had his lawyer and I had my lawyer. I have talked to him on the phone a couple of times, but each time it was jus for personal reasons, telling him my wife was pregnant and other things, but both at his urging and my urging, I mean, and at our lawyers' urging, certainly we did not want to discuss anything specific.

I talked to him on the day that all of this erupted, and that was the time when he said, well, you know that I would never have done anything that would not been in essence ordered or sanctioned. It was his lawyer who -- I talked to his lawyer just on those occasions.

Q Did Colonel North ever tell you that he had personally met with the President to discuss any of the contra operations he was involved with?

A He would constantly refer to going across the street, or when I was in there, he would have meetings that he would have to go to across the street, to go over things both when Admiral Poindexter and Mr. McFarlane were the National Security Advisers, and those comments came up, but specifically meeting with the President, no, he never said that explicitly to me.

Q Did he ever imply to you that he had met with the President and discussed with him any of these operations?

A After the shootdown of the C-123, I talked with him about my concern for Buzz Sawyer and his family, and at that time, he recommended, well, why don't you write a memo on it to me, and just talk a little bit about Buzz.

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I said what are you going to do with it. He said, "I just might show it to the President."

Q For what purpose?

A Probably to show the President what a great American Buzz Sawyer was.

Q Is this the memorandum that you would have prepared understanding this was specifically something that the President might see?

A Right, but I will add that due to time constraints and other things that the memorandum never got to, I don't believe I ever gave it to Colonel North.

Q Do you still have a copy of it?

A No.

Q Do you know what happened to it?

A It was on a computer disc and the computer disc was erased by one of the people in the office by mistake.

Q Did the proposed memorandum discuss anything beyond Buzz Sawyer as a person?

A No.

Q For example, the types of operations he was working on?

A No, it was just a reflection on him as an individual, and my friendship with him.

Q You were asked some questions about any discussions, anything Colonel North said about the President

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meeting with private fundraisers.

I believe you said that you had never discussed that specific issue with Colonel North. Did you ever discuss presidential fundraising with anyone else?

A I knew that there was an effort underway to raise funds, and that they were using the White House as a means to show that they were sanctioned by the Administration.

I also knew that when they had the Nicaraguan Refugee Fund Dinner in April of 1985, that the reason the President came and spoke was because of Oliver North, or it seemed it was at the urging of Oliver North, and that that was an effort to raise funds for refugees, and I knew that the National Endowment for Democracy, Spitz Channell, would hold certain briefings for people when they would come into town and they would be briefed over at the White House and occasionally some of them would then go into the President.

Q This was for fundraising?

A Fundraising.

Q Do you know whether or not -- who told you these things? Who described these fundraising efforts to you?

A I don't want to use the word network, but the group of people who were involved in it was fairly limited, and I knew them.

Q Who was it?

A I usually knew what was going on. I guess I was

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albe to just sort of through listening learn a lot of things that had happened.

I had known Frank Gomez and Richard Miller. I was first introduced to them by Colonel North, I believe, in the fall of 1984, and then I had heard rumors about some meetings that took place in March of 1984 between Adolfo Calero and Spitz Channell.

I knew that Dan Conrad and Channell were involved in the refugee fund dinner, at least Dan Conrad was, and then during the summer of 1985, one of the people who was helping me a little bit by helping, he was a student who was just here for the summer, and I had sponsored him on a trip down to Central America, on a couple of trips down to Central America for doing refugee reports.

He was asked by Spitz Channell's group to make phone calls to people, asking them to attend a secret White House briefing on the situation in Nicaragua, where they would be briefed by Administration officials. It would cost them $10,000 to show up, and if they couldn't come and they wanted to send in $5,000, that that would be fine, and as a matter of fact, I went to Colonel North and brought this to his attention.

I said, "Look, Colonel, I think you have got people saying there are going to be secret briefings. Although you want to give them hype, I think if the press ever got hold of it, it would be a disaster to the effort."

Q Did you know what the specific purpose of the fundraising was, what was going to be done with the money?

A I had heard that it was a combination for the advertisements, television advertisements that were being undertaken, and also for a PR campaign.

I did not know that funds, as I subsequently learned in the newspapers, that funds were going to be used to purchase arms.

Q You didn't know that? Nobody told you that?

A No.

Q Nobody implied that?

A No. There may not be any correlation, but when I was in Costa Rica in December 1985, I was getting ready to leave [redacted] came out to the airport, asked me to -- told me he had gotten a call from Colonel North and Colonel North wanted me to go [redacted] to work on a toy project.

I subsequently -- the flight for [redacted] had already left. We looked into chartering a flight, for me to go to [redacted] It would have been prohibitively expensive to do that. I didn't have the cash, and there wasn't any othe way I could get it, so I called North and we talked briefly over the phone, and then we decided that I would come back to the States.

He had wanted me to go t[redacted]to meet with

Colonel Steel, regarding a shipment of, I think [redacted] described it as toys that were coming.

MR. LEON: When was this?

THE WITNESS: December of 1985.

BY MR. SMILJANICH:

Q Coming in from where?

A He didn't say.

Q By air?

A I believe so. That was the impression that I got, but I surmised it was probably an arms shipment that was coming in.

Q And you just couldn't get a flight down there?

A No. The thought was I could fly to Miami and then fly back to [redacted] Then by the time I got to Miami, it was taken care of in another way.

Q Did you have any follow-up after that to find out what took place?

A No. I think it was probably that they got Chichi Contero to handle it, but I don't know for a fact.

Q But the original call from Colonel North to go down there and specifically talk with Colonel Steel about this?

A Right. Again, the only reason I bring it up is because toys have been used in the toys account, to talk abou to help with some toys that were coming in.

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Q About how many times did you travel to Central America officially on behalf of NAHO?

A I would have to go check my records.

Q Can you give me an approximation at this time? Five, six, ten?

A Ten or fifteen times maybe.

Q And on one or more of those trips, is it fair to say that while you were in Central America, you were also doing the things that Colonel North wanted you to do to assist in various weapons shipment, matters involving military equipment, things such as that?

A Yes. There would probably be a couple.

Q And on those occasions when you did that, you did no advise anyone at NAHO that you were also engaged in that activity, did you?

A No, I did not.

MR. LEON: Why?

THE WITNESS: It was not appropriate. There was a need to know, and they didn't need to know.

BY MR. SMILJANICH:

Q Back in November of 1984, involving those helicopters, you know that matter?

A Right.

Q [redacted] that you took down there, those were specifically [redacted] weren't they?

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A Right. [redacted]

Q The incident involving [redacted] in the spring of 1985 out by the side of the OEOB, the individual who was diring the car was Peter Flaherty?

A I believe so, yes.

Q He worked for Citizens for Reagan at the time?

A Right. He had sort of undertaken helping [redacted] just being a resource for them, and I think his group had provided some funding for them, too, to help them get through.

Q Did you ever discuss this matter directly with him?

A No.

Q He was just present in the car?

A Yes, and there may have been one or two people in the car, too.

Q The March 1986 matter involving the flight, the equipment that was in [redacted] hat was supposed to be preser in [redacted] o be loaded for a drop for the Southern Force?

A Yes.

Q When that plane then flew empty t[redacted] tell me, because I think we went past this pretty quickly, who all was present at the meetings at [redacted] to discuss what to do

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about the situation?

A John Copp, who was Dick Gadd's representative, I did not know how much he knew, and this, I believe, may have been his first trip down there, so he was sort of, it was kind of ironic, he would be making calls to Gadd and I would be making calls to North.

I knew he was calling Gadd. I don't think he knew who North was or who I was calling. As a matter of fact, before he left, it was during an incursion and so I kept in constant touch by phone with North to find out when the intel- intelligence was such that we should go, because there was som thought that the Sandinistas might bring in helicopters and attack [redacted]

Chichi Cotero was at the meetings, myself, Felix Rodreguiz, Colonel Steel, and Ramone Medina.

Q Who was Steel calling?

A On one occasion we asked Steel if he would call [redacted] to find out what went wrong. I think it came back that [redacted] didn't want to talk to him.

He tried to call on a secure line.

MR. SMILJANICH: We are going to have to stop and remember we will reconvene at some other time.

MS. BENSON: Can I ask just one question.

Going back to the time you were in New York and you

9 brought back some money, 95-100 dollar bills to General Secord, and you gave those to him at the Sheraton Carlton Hotel. Did he say what he was going to do with the money?

A No, he did not, and on the other occasion when I brought back envelopes to Colonel North, he didn't say what he was going to do with them other than he had some -- I mean he would use the funds for his operations.

Q Did General Secord say anything about the money when you handed it to him?

A No.

I just want to add for the record that on several occasions when I did talk with Colonel North and his lawyer, that they stressed that I should, when the appropriate time came, cooperate and tell the truth because that is what they were going to do and they wanted to be sure that I did not cover anything up or in any way try to save someone else, including especially Colonel North.

(Whereupon, at 12:00 noon, the taking of the deposition was adjourned, to reconvene at a later date.)

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF ROBERT W. OWEN (Continued)

Washington, D. C.
Wednesday, May 6, 1987

Deposition of ROBERT W. OWEN, called for further examination pursuant to agreement, at the offices of the Senate Select Committee, Suite 901, Hart Senate Office Building, at 5:30 p.m. before JOEL BREITNER, Court Reporter, when were present:

Partially Declassified/Released on 16 JAN 88
under provisions of E.O. 12356
by K. Johnson, National Security Council

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United States House of
  Representatives Select
  Committee to Investigate
  Covert Arms Transactions
  With Iran

1a of 3

-- continued --

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APPEARANCES (Continued):

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Professional Staff
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on Intelligence
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PROCEEDINGS

MR. SMILJANICH: This is a continuation of Mr. Owen's deposition that started on Monday. Mr. Owen, for purposes of this deposition, it's a continuation so you are still under oath. Do you understand that?

THE WITNESS: Yes, I understand.

Whereupon,

ROBERT W. OWEN

resumed the stand and, having been previously duly sworn, was examined and testified further as follows:

BY MR. SMILJANICH:

Q I'm going to jump around because all I'm trying to do is fill in details here and there either I missed or we didn't cover.

First of all, do you know a man by the name of Dagobarto Nunez?

A Yes.

Q How do you know him?

A I met him several years ago. I cannot remember when. I was introduced to him by, I believe, John Hull. He was born in Cuba. I believe he's a naturalized permanent citizen and living in Costa Rica.

Q In October of 1986, did you ask him to do anything for you?

A He came up to, I believe it was in October of '86, he came up to Washington and he met with me and met with a fellow by the name of Glenn Robinette.

Q Who is Glenn Robinet?

A Glenn Robinet was an individual who I was introduced to, probably in the early summer of 1986. It was my understanding that he was responsible for, I guess, in some way, security for General Secord's organization.

I was asked to meet him. I cannot remember by who, but I did ask Lieutenant Colonel North about him and he said he's a trustworthy person and you can confide in him.

Q You mean Glenn Robinet?

A Yes.

Q Who introduced you to Glenn Robinet?

A I believe we met in a hotel lobby. We did a phone conversation and set up a meeting, but I can't remember exactly.

Q How do you know he worked for General Secord?

A He would tell me. He told me a couple of times and also I believe Colonel North made mention of it as well.

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Q Why did you put Mr. Nunez in touch with Mr. Robinet?

A At the time Mr. Robinet was doing some work for General Secord, or very interested, I should say, because of the lawsuit that was brought against General Secord and myself and 28 others.

Q You are referring to the Avignone-Honey lawsuit?

A Yes. The infamous Avignone-Honey lawsuit.

Q Go ahead. What about the lawsuit did he want accomplished?

A General Secord, obviously, being one of the defendants, was concerned about it. It was more of a nuisance. In the beginning we thought it was more of a nuisance suit than anything else.

Then, as it went on and as the judge continued to accept amended complaints, there was a concern as to how one could fight this, what we felt was, at one time -- what we still feel is a disinformation campaign that was going on and a totally irrelevant suit.

[redacted]

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[redacted]

MR. GREENEBAUM: Hold it one minute.

(Recess.)

BY MR. SMILJANICH:

Q Mr. Owen, did the discussions that Mr. Nunez and Mr. Robinet had that you are familiar with or knowledgeable about have anything to do -- did they simply involve the matters of defense of the Avignone-Honey lawsuit?

A Yes, they did. They were centered around that because --

MR. HYLDEN: You've answered the question.

BY MR. SMILJANICH:

Q Let's move on. Tom Posey and his organization, CMA.

A Yes.

Q Did, to your knowledge, did he or his organization have any involvement with lethal aid in Central America?

(Discussion off the record.)

MR. SMILJANICH: Would you read the question please?

(The reporter read the record as requested.)

THE WITNESS: As I believe I may have testified to

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earlier, I learned through newspaper accounts that there were some of his own private arms that he had registered, I believe, in the United States, that showed up [redacted]

I do not believe nor to my knowledge, he did not have any involvement in large procurements or movement of arms outside the United States, from the United States outside, to my knowledge. There may have been, as I said, small amounts, miscellaneous weapons that moved with individual people.

BY MR. SMILJANICH:

Q I understand. Going back to the proposals that Gray & Company and you prepared for the FDN?

A Yes.

Q There was the one proposal that was an official proposal from Gray & Company involving public relations, lobbying efforts, things like that; is that correct?

A Yes.

Q The other proposal, I want to make sure I understand exactly what you've said about those -- that other proposal. This was a separate proposal prepared by you and Neil Livingston?

A Right. It was -- Neil Livingston and I sat down

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and talked about what would go in it. He was the one that in essence wrote it and I delivered it.

Q Okay. That proposal, you no longer have a copy of that proposal?

A No.

Q And the proposal involved the setting up of proprietary companies?

A There were several options. This was in late April, early May. There was, according to Colonel North, there was a need to try and find a way to support these people when the funds did run out. The proposal offered several options, one of which was setting up a group of proprietary companies which could be used for purchasing goods overseas, and the other proposal was setting up nonprofit organizations which could be used for independent fundraising here in the United States for humanitarian goods.

As a matter of fact, it turned out that we did -- I did show -- I can't remember if it was the exact same proposal or another proposal, to representatives of the FDN, in which we discussed the possibility of setting up a nonprofit organization, and there were two options on that.

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One, there were several nonprofit organizations that were in existence that we had access to and could be used. Or, there was developing a whole new nonprofit, and also the FDN had three organizations that might have fit under that rubric.

The FDN was concerned that we had suggested that there be Americans on the board to have oversight of the distribution of funds. They wanted to be sure that they would have the responsibility for disbursement of funds. They didn't want to leave that in the hands of, necessarily, all Americans.

Q Did any part of this proposal deal with ways of obtaining arms that the FDN could use?

A In setting up a trading company, obviously there was -- one of the ways that a military force sustains itself and functions is to have arms. So that was -- it came up that as a possibility, that the trading group could be used for purchasing arms overseas.

Q Do you recall whether any aspect of this proposal dealt with the use of foreign military sales?

A No. There was no, to my knowledge that I can remember, no aspect of that involved at all.

Q No aspect involving diversion of foreign military

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sales in -- with regard to third countries to the Contras?

A No. None whatsoever that I can remember.

Q Do you know what Oliver North did with this proposal?

A He and I had several discussions. I went and did have a meeting, as I said, with representatives of the FDN. After that meeting I went back to Colonel North and told him what his reactions were -- or what the FDN's reactions were; and I can't remember the timing exactly, but I -- subsequently I think I took a trip down to Central America, to the region, to look at what was going on.

But, as far as anything else coming out of that proposal, as time went on it was decided just to pass on it. We felt that some money was needed up front to set up the organizations so that they would be in existence and we would do it legally and correctly, and we went back and forth and we were directed to talk with a couple of different people about that and about these organizations. But, again, as I said, nothing really came of it.

Q You mentioned, and I don't know if this was on the record or off the record, a meeting in the spring or summer of 1986 involving General Singlaub and Barbara Studley in

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which you think she may have met with Oliver North. Do you know what I'm talking about?

A I was shown a document by Mr. Eggleston at one time, and he asked me if I had ever seen it and I said it was -- I mean I had gotten it from Barbara Studley and been asked to deliver it to Colonel North. Is this what you are referring to?

MR. SMILJANICH: Was that during the deposition?

MR. EGGLESTON: Yes, it was. I think I showed it to you during the deposition.

MR. SMILJANICH: It was on my notes in a place where it looked like it wasn't during the deposition.

MR. EGGLESTON: I have to say I don't recall for certain whether it was.

MR. LEON: You presented him with it. I do recall it for certain. You absolutely presented it to him.

MR. SMILJANICH: Off the record.

(Discussion off the record.)

BY MR. SMILJANICH:

Q I don't happen to have that document with me, but what do you recall about that incident?

A I was called by Barbara Studley to go over to her

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home. Or it may have been General Singlaub, maybe called me, to go over and meet him and Barbara Studley at her home. As I said I think this was sometime, perhaps during the summer of 1986. She had just moved into town, just moved into her house. It was warm out. They gave me a copy of a document which they asked me to deliver to Colonel North. It suggested setting up, if I remember correctly -- I don't have it in front of me -- but setting up some corporations or trading companies that would be used to move arms that would be provided by the United States to foreign countries, and they would pay, I think, a higher price, knowing that those funds would be then used, from the trading company, to buy other arms to go to insurgencies around the world: Angola, Afghanistan, Nicaragua, Cambodia, and so forth.

Again, that is just a rough approximation, without having it in front of me.

Q And then, what, you gave this document to Colonel North?

A Yes. I set up an appointment with Colonel North. I went in to see him, talked with him, provided him with the document. He looked at it. His immediate reaction was that this is not -- does not seem viable. How are we going to get

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U.S. corporations involved in something like this, or other corporations? I do remember that Israel was one of the countries that was going to be a main player.

Q Was that the end of it as far as you knew?

A I believe I may have talked to Barbara Studley at some future time. She may have said that she had a meeting with Colonel North to discuss it, but I don't think it went any further.

Q During the August 1984 Republican convention, you met General Singlaub and Aldolfo Calero -- at the convention?

A Yes -- no. They were at a meeting at the CNP, Council for National Policy, where Oliver North was speaking and also, I believe, he was a member. I went over and met them there at hotel. As a matter of fact, I think I picked -- I may have picked up Colonel North at airport.

Q Okay. That was going to be my question. You mentioned Colonel North being there, but this wasn't at a Republican convention?

A No.

Q This was a meeting of the CNP?

A Right.

Q And the discussion concerned exactly what?

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A We met off and on. Colonel North gave a speech. I think it possibly was that evening.

Let me backtrack. There was also a dinner that took place. I was not -- did not attend the dinner but after the dinner they had a reception in one of the rooms upstairs where I believe Adolfo Calero spoke. There was also a member of CNP who was running for Congress in California and he also spoke. A series of conversations just took place, sort of offhand. There wasn't a formalized meeting with Colonel North and Adolfo Calero and General Singlaub and so forth, during these days that the meetings took place -- that the CNP meeting was taking place.

Q Did -- I'm sorry?

A I was just going to say I think there were conversations about fundraising for Adolfo Calero. One of the reasons he was there, I think was he was hoping he could raise some funds from the CNP members, and he always was invited as a guest. I think that still may be true.

Q Did Colonel North and Adolfo Calero discuss anything in regard to military equipment and needs?

A They may have and think I may have mentioned that earlier. But I don't remember specifics.

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Q You have testified about a time in which [redacted]

I believe you testified Oliver North said he would take care [redacted]

A Yes.

Q You also testified about one time in which you carried money --

A Yes.

Q [redacted] Do you know beyond that whether or not Colonel North did anything to follow up on his promise to take care [redacted]

A I never personally carried money again that I can remember, but I know that Colonel North did set up a means where [redacted] was receiving funds so that he could stay within the movement and didn't have to worry about providing for his family.

Q Did Colonel North ever tell you what he had -- how he had accomplished this?

A No, not exactly. I heard that there was a possibility that some grants were being put together from

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various organizations which might be able to help [redacted] out. That's all that I can really remember.

Q All right. I believe you testified you once gave money to [redacted] is that correct?

A Yes.

Q Tell me when was that?

A That was in spring of 1985. He was in town and needed some money for his expenses, hotel room and so forth. I can't remember what it was. I think there may have been a second time that he was owed. The only reason I remember this is because one of the documents I was shown, something about him being owed $1200, and I remember there was discussions and I think I might have given it to him. I just can't remember.

Q In the spring of '85 do you know how much money he was given at that time?

A No. I don't think it was -- it was probably just a couple of hundred dollars, as a matter of fact, to take care of hotel rooms and so forth.

Q And on both occasions did you get the money from Colonel North in the form of traveler's checks?

A Yes. Out of the infamous safe.

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Q Okay. You have talked about several matters involving General Secord, but I don't have clear in my mind exactly when it was you first met Secord. When was that?

A I believe it was sometime in 1986. I saw him in passing. I think sometime in '85. Maybe on a couple of occasions -- we never really were formally introduced. I think the first time I was formally introduced to him was in Colonel North's office.

Q Sometime in 1986?

A No, actually it had to be in '85 because I did provide him with some money at one time, too, in 1985. So it might have been the summer of 1985?

Q You gave General Secord money?

A Yes. That was from the trip to New York.

Q Oh, yes, the incident with the rolled up newspaper and all.

A Right. Right.

Q Okay.

The time in which Ollie North told you that he and Secord wanted to take control of the funds away from Adolfo Calero because they felt he was not managing them properly, when was it that you first heard this was their feeling?

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A I knew that a meeting had taken place in Miami. General Secord referred to it in his testimony. I was just -- I was not fully knowledgeable about it but I knew a meeting took place between Adolfo Calero and Colonel North and others. There was rumor, it may have been Colonel North who brought it up, I can't remember, about the concern of Mario Calero and the impropriety of him purchasing goods for his work. I really can't remember where I heard that. I know General Secord again expressed that to me in a meeting that we had that may have been in September of 1986.

Q Again I apologize for jumping around. Back in June of 1984 when you traveled to Central America, and, among other things, you had a discussion with [redacted] in which they stated that they needed about $1 million a month to fund -- to keep themselves alive, and they wanted to do a little better than that?

A Right.

Q In that conversation, I believe you told us in the interview, but I don't know if it came out in the deposition, that [redacted] was present?

A He came in during a conversation that I was having with [redacted] and there were others in the room as

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well. The extent of that meeting was such that he said: "Look, we know why you are here and we know that you want to help and we certainly appreciate any help that you can provide." But that was the extent. I do not believe in my memory that he was the one who said anything about funds. He just wanted to let us know that he knew we were there and they would be appreciative for what we could do.

Q Didn't you -- didn't he say something to the effect that, at first, something like: "I'm not here"?.

A Right. I mean he said this is another one of those nonmeetings, in essence.

Q You said that when Calero hired you, one of your duties was to do things that Ollie North couldn't do.

A Well, I don't think that I testified to that. My job description was very loose and it sort of evolved, just like my work for Adolfo Calero evolved. My doing things for Ollie North evolved. It was not, quote unquote, part of a job description.

Q But when you first made your arrangements with Calero --

A Right.

Q -- did he understand that you were going to be doing a lot of work for North in connection with the things that Ollie couldn't do?

A That never came up. As far as I can remember that never came.

(Discussion off the record.)

THE WITNESS: I think I can answer that satisfactorily to you, in that there was a memo that I wrote to Colonel North. I believe it was on November 4th, where I discussed my decision to go with -- to leave Gray & Company and go with Adolfo Calero and work for him. And I said one of the things in that meeting was -- and I will obviously do whatever it is that I can to help you in your effort. Subsequently that was when, within a week, I was asked to take documents down to Central America.

BY MR. SMILJANICH:

Q I see what you are saying. Okay.

A So I don't think in that meeting we explicitly said that, but in the meetings I had with Colonel North right after that and also in this memo you have access to where I outlined what the potential was.

Q So one of the first things you did in connection with that was take that material down to Central America?

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A Right.

Q Okay. Approximately when was it that you were first introduced to Richard Gadd?

A I was introduced to him by phone, either in October or early November. As best as I can recollect.

Q In 1985?

A 1985. I was first introduced to him as Mr. East. East and West and North and South --

Q Right. And who introduced you to him?

A I was told by Colonel North to call him.

Q What did Colonel North say about him?

A He said, if I can remember, again this was a long time ago, it was: "Please call this gentleman up. We want him to take care of the resupply for NHAO, and would you, after you have a conversation with him, set up a phone call or make a phone call to Mario Calero and suggest to Mario that he talk with him and that he would be the person that would best be suited for handling the transportation of humanitarian goods."

Q Did you talk to Gadd before you talked to Mario Calero?

A I believe yes, I did.

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Q What did he tell you?

A Just the same thing; that he felt he would be able to do -- provide the services that they would want, and we talked about setting up my calling Mario and then calling him back to let him know that I called him to set up the -- make the introduction.

Q Did you, when you called Mario, did you tell him where or did you drop any names in connection with Dick Gadd?

A No. With Mario Calero you never dropped names.

Q Why is that?

A He had a propensity to talk.

Q Okay. You just told him this is coming from you?

A I said -- no. I said "Mario, there's someone that I know of that I think would be able to handle your resupply needs for the NHAO goods. I hope you will talk with him and give him all due consideration because he probably would be the best person for it."

He asked: "Well, how do I know that?"

And I said something to the effect of: "Well, he has been highly recommended by a number of friends." But I did not use Colonel North's name, which I believe is what you are asking.

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Q Okay.

(Discussion off the record.)

BY MR. SMILJANICH:

Q Was there something you wanted to add?

A Oh, you guys tracked down some traveler's check.

Q I don't need to make this an exhibit for the deposition. We'll just identify it with the numbers that we stamp on all our documents.

Let me show you; there's a whole stack here.

A I'm impressed with you guys.

Q A document marked 003700, is a copy of a traveler's check for $500. Is that one of the traveler's checks you would have negotiated?

A It's got my signature, so obviously it would be.

Q That's your signature?

A Yes.

Q Do you recall that all the traveler's checks that you dealt with were these Visa traveler's checks on the Banco de Pichincha?

A No. They were not all out of that bank.

Q Do you recall the other banks they were drawn on?

A It was a Popular Bank, and I think there was one

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other one, too. God, are those all my signature?

Q No.

Let me show you page 003702; the top signature, that's your signature?

A Right.

Q Do you recognize who this signature is?

A No. Not offhand. I wish I could write like that; then you guys couldn't ask me.

Q Let me show you 003704; do you have any idea whose signature that is? Does it look familiar?

A No. You don't mind if I look in the back to see what bank it is? See, Quesada is a Costa Rican bank where John Hull has an office. It doesn't look like his signature but, speculating --

Q You don't know that's John Hull's signature?

A No.

Q Page 003705, do you recognize that signature?

A No.

Q It's also drawn on a Costa Rican --

A It almost looks like Gomez, but -- I don't know. You can't trust everybody these days.

Q Are you familiar with Jonathan Miller's

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signature? Does that look like his?

A It looks like his.

Q Are you familiar with --

A I have seen him write.

Q That's 0073708.

(Discussion off the record.)

BY MR. LEON:

Q You said you got a $1000 bonus when you got married, right?

A Right.

Q When did you get married?

A Why or when?

Q When?

A If you were going to ask me why, I'd tell you now I need somebody to support me.

I got married in October of 1986. October 19th.

Q Did you get the money in traveler's checks?

A Yes.

Q Well, let's see if we can locate those. Would they be in there?

MR. PARRY: What was the date?

THE WITNESS: I got married in October of 1986;

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October 19th.

MR. SMILJANICH: Are those chronological?

MR. PARRY: Yes.

THE WITNESS: I don't remember whether that was Popular Bank or what bank that was.

MR. SMILJANICH: That's all I have. Thank you.

MR. LEON: Any questioning?

MR. EGGLESTON: No. I don't have anything else I want to do.

(Discussion off the record.)

BY MR. SMILJANICH:

Q Do you know where the Mandalay Four Seasons Hotel is? Take your time.

MR. HYLDEN: There's all sorts of triflings we haven't invoked yet.

THE WITNESS: Mandalay --

(Laughter.)

MR. GREENEBAUM: Off the record.

(Discussion off the record.)

BY MR. SMILJANICH:

Q Do you know where it is?

A No, I don't. Can you tell me?

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Q I have no idea.

A The Four Seasons chain is not very big. Mandalay, I would say, would be in the Orient, Hong Kong; it would just be a guess.

Q That's all I have. Richard?

MR. LEON: I have a few. I didn't have much chance to prepare for this, but let me give you a few that occur to me.

BY MR. LEON:

Q Diversion, diversion of funds from Iran to Central America.

You have probably been asked it, but I want to be sure it's clear in my mind. Did Ollie ever share with you the confidence that he was either planning to or had effectuated a diversion of funds from Iranian deals he was working on?

A No.

Q He never did?

A No.

Q So you first learned about it in the newspapers, so to speak?

A My tongue dropped just like everyone else's did on

November 25, whatever the date is.

Q Did you in any way, shape, or form help him with respect to assisting in any non-Central American matters and the Iranian --

A No.

Q The Chinese deli, or whatever it was, place, story you told of the 95 $100 bills that you obtained. That was in October of '85 was it?

A No, September. I believe it was September 16th, Rosh Hashanah holiday because all the banks were closed.

Q Okay. And you were simply serving as a messenger?

A Yes.

Q You were asked to go up for the sole purpose of picking it up?

A Right.

Q And getting it to the General?

A Right.

Q Secord?

A Yes.

Q And you did do that?

A And I did.

Q Did you ever inquire as to why you were being

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asked to do that as opposed to the General just going to the restaurant himself or whatever that place was?

A They didn't want to wait until the banks were open for the next day. Obviously, I guess, they needed the money and he probably had more important things to do than go see -- take a trip to New York.

Q Did Ollie comment to you about why it was $9500?

A No. The general did. The General said it was $9500 so we would stay under the $10,000 limit for reporting of transfer of funds.

Q Did he explain what he meant by that?

A When I was traveling and taking funds out of the country, and if I were ever bringing funds in, which I didn't, there is, I believe it's a banking law, where any expenditure or movement of funds over $10,000 or over must be reported to the IRS. I believe that was the reason.

Q Are you talking about a Customs law?

A Yes. But I think he felt it was true for any movement of $10,000 or more, so they didn't want to take that chance.

Q Did you ever have any problems with Customs in all of your trips back and forth to Central America?

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A No.

Q Were you aware of any situations where Ollie used his influence as a White House staffer to help someone out with Customs problems?

A Yes.

Q When was that?

A That was in, I believe it was the fall of 1986. I had a meeting with Mr. Rosenblatt of the U.S. Customs office. We were discussing something that was not relevant to the Iran issue, or really -- the Contra issue. But he was concerned about an investigation that was going on regarding the --

Q Who is "he"?

A Mr. Rosenblatt was concerned about an investigation going on regarding the Mall aircraft which had been purchased by General Secord. He asked me to pass on, to Ollie, if I saw him or talked with him, this concern about this investigation.

He was --

Q Where was this meeting, by the way?

A It was at the Customs building.

Q Here in Washington?

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A In Washington.

Q Who asked you to go there?

A I had had several conversations with one of his people in Colorado -- excuse me -- yes, in Denver.

Q One of Rosenblatt's people?

A Yes.

Q Who was that?

A I can't remember his name right now -- Gary something.

Q All right. So go ahead.

A This was regarding an incident that took place in Costa Rica where there was a mix up between DEA informants and Customs informants. Do you want me to go into it? If it's relevant, fine. But --

Q How does it relate to your activities in Central America?

A I got a letter from John Hull in which he outlined a fairly strange incident that occurred on his farm, September or October, '86. You have a copy of the letter in your file somewhere. Actually it may have been -- now that I think about it it may have been August. It probably was August, because I did take a trip down there in late August.

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Q Yes.

A I went to Colonel North with this letter that I had. It was an individual who was on John Hull's farm who was arrested and taken off of it. He, if I remember correctly, later told Hull that he was working for U.S. Customs and he was concerned that the DEA [redacted] was tarnished and that they may have been taking funds.

Q DEA [redacted]

A [redacted] It was a rather long, involved story and not necessarily relevant, but if you want me to go over it I'll refresh my memory.

Q I don't know if I want to go into it in this much depth on the record now. Maybe at a later time. Maybe we can talk about it off the record?

A But there was a case where Mr. Rosenblatt just brought up the concern about the investigation that was going on. He was, I think, upset that people had not filed the necessary paperwork when they took the plane out of the country.

Q What people was he referring to that he was concerned about?

A It was General Secord.

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Q Was General Secord aware of this?

A I don't know.

Q As far as you know?

A I don't know.

Q Was it ever finally resolved?

A I don't know that.

Q Did you ever meet the president?

A I shook his hand a couple of times, back in 1983.

Q How about since you were involved with Ollie?

A No.

Q How about the vice president?

A No.

Q How about Mr. McFarlane?

A No.

Q How about Mr. Poindexter?

A No.

Q In your dealings with Ollie, initially during Mr. McFarlane's tenure as National Security Adviser, was it your impression that what Ollie was doing in the Central American area was being done with the knowledge and approval of Mr. McFarlane?

A I was led to have that impression; yes.

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Q By things Ollie would say?

A Yes.

Q By any documents he'd show you?

A No, not by documents he would show me.

Q During that time period, were you under the impression that he had any superiors between himself and Mr. McFarlane, at the NSC?

A I knew that he had people that he worked with and that he was supposed to report to.

Q Can you think of who they might have been? For example, Poindexter? Was it your impression that Poindexter was his superior, between Ollie and Mr. McFarlane during that time period?

A His name came up, but -- no. I think with Central America the impression I got, he was dealing directly with Mr. McFarlane and there was noone else.

Q And it was your impression that Mr. McFarlane was aware of what he was doing and was --

MR. GREENEBAUM: You said no one else -- you meant no one else in between?

THE WITNESS: Yes. No one else in between, that I knew of.

BY MR. LEON:

Q Okay. How about with respect to after, say, December of '85, when Mr. McFarlane resigned and Mr. Poindexter took over. Was it equally your impression from that point forward that Mr. Poindexter was aware of what Ollie was doing in Central America and was in favor of it?

A Yes. I knew that in the very beginning Ollie made a reference that there was sort of rocky going. There were some disagreements as to things that were being done. He didn't talk about any specifics.

MR. LEON: Do you want to go off the record?

MR. GREENEBAUM: Yes.

(Discussion off the record.)

THE WITNESS: Could you repeat the question, please?

MR. LEON: Sure. Absolutely.

BY MR. LEON:

Q After Mr. McFarlane resigned, Mr. Poindexter took over as the head of the NSC. From that point forward, was it your impression that, with respect to what Ollie was doing in Central America, and that which you were knowledgeable of and involved in, is it your impression that he was aware of that

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-- "he" being Mr. Poindexter -- and had approved it?

A Yes.

Q And did you get that impression from anything -- any other means, other than Ollie giving you that impression?

A No.

Q No documents that you saw?

A No.

Q No meetings with Mr. Poindexter that you attended?

A No.

Q And, as to that time period, did you have an impression that Ollie was reporting directly to Mr. Poindexter as to those things that you were knowledgeable of in the Central America area?

A That was the impression that I got; yes.

Q Now, I think you testified earlier, when I believe Neil was questioning you, about a meeting in summer of '86; between yourself and Ollie and General Secord, where the issue came up of Calero's continuing involvement in financing. Does that ring any bells?

A There was a meeting I had with General Secord. It was not with Ollie. But there was a meeting. I think it may have been one or two times when I met with General Secord and

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Ollie at the same time.

Q With respect to that meeting, I think you testified that Secord recounted, in that meeting, a meeting he had had with the director of the Central Intelligence Agency, Director Casey?

A Right.

Q Let me try and focus you on that. What is your recollection with regard to what it was that Secord described about his meeting with Director Casey?

A I think it was a meeting where they discussed -- can we go off the record for a second?

MR. SMILJANICH: Yes.

(Discussion off the record.)

THE WITNESS: To the best of my knowledge, my recollection is that he had had a discussion --

BY MR. LEON:

Q He being who?

A He, General Secord, brought up a discussion he had had with Director Casey about the assets that were presently in the operation, and I think I also heard from North at one time. They wanted to give them to the agency and the agency didn't want to take it.

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I cannot remember whether it was a discussion of selling them or giving them. I think it was more giving them, to the best of my knowledge.

I cannot remember when that was discussed. I know -- I believe in March, 1986, there was a meeting which I think took place in Colonel North's office where General Secord mentioned a meeting with the director and was trying to get, possibly to ask for some help.

Q Would that help have related to further intelligence with respect to weather information and troop placement?

A Right. That was always a concern, especially among the pilots, when I would talk with them, whether I was in-country, either [redacted] that they were always flying by the seat of their pants; there were never good prebriefs and never good intelligence or even weather information.

Q Did General Secord relate to you his dissatisfaction with the amount and the kind of intelligence he was getting from Mr. Castillo [redacted]

A No. The General, I don't think I can remember really relating something like that regarding [redacted]

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[redacted]

Q You don't recall?

A No. I don't recall that.

Q Did you have any occasions, during the time you were dealing with Ollie and the Central America project, to review with him intelligence reports relating to funding and supplies by Communist sources into Sandinistas?

A No. Not with -- excuse me? Funding Communist supplies to the Sandinistas?

Q Right.

A Nothing other than the information that was being made public. At one time we talked about -- mentioning some new deliveries that were coming in to Nicaragua.

Q Those had been helicopter deliveries?

A Yes, I believe so.

And on another occasion there was discussion that took place regarding an operation that they had hoped to mount which was to sink a ship inside -- I believe it was the Rio Escondido, which would be going up to the Rama Road.

Q Was it your impression that Ollie was knowledgeable and aware of increased Communist support to the Sandinistas?

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A I would think that he would have been aware of anything that was going on down there.

Q How about that specific type of item?

A Sure. Obviously, when he asked me to take down the things that I took down in November, it certainly gave that impression.

Q Did you get the impression that the FDN had intelligence sources that kept them apprised of recent acquisitions of military hardware and support of other kinds from either the Cubans or the Russians?

A Adolfo Calero used to joke about, during the cutoff he would be asked by people what he was getting from the agency. He would say he got a lot of questions.

Regarding that, I think that one of the times that I took down information to the FDN, there were discussions of new BM-21 rocket launchers that were being moved into the area, and it was just basic intelligence like that, so I think they had an idea of what was coming in.

Of course they also had a good idea of when the shells were coming into the camps.

Q Was your life ever in danger?

A There were some times I might have been a little

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concerned, but no, I don't think so.

MR. GREENEBAUM: Don't be modest.

THE WITNESS: I think at times actually I was probably more endangered by the FDNs because of accidents than I was by Sandinistas.

BY MR. LEON:

Q Did you attend a meeting in Miami in July of '85 with respect to the establishment of the southern front?

A No.

Q Were you aware that meeting was going to be held?

A I knew, either before or after, a meeting did take place where it was discussed. Throughout this effort there was a need, there was a believed need to develop a southern front. Even though Adolfo Calero was providing some funds to [redacted] to help develop it, it was just enough to keep people alive. There wasn't any effort being made to increase the southern front. And that was a concern that Colonel North had, and that I certainly had, and that others had: If you are going to fight a war you have -- really should have a three-front war in this case, or four-front war. And the southern front would be very important to that.

Q With respect to the San Jose accord, how involved

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were you in the negotiations and conduct relating to that?

A Leading up to to the San Jose accords, there had been a number of meetings in Washington where a program was trying to be developed to bring more positive public relations -- I should say there was a public relations effort being talked about, to try and develop the support inside the United States and the world for the democratic resistance.

I think the two documents you have are two papers that I did on the public relations effort that I thought should be mounted. As early as January discussions were being held of a way to bring a united front together.

We brought in the opposition groups from -- they were represented by Arturo Cruz, Alfonso Robelo and the FDN, and I went down there more as an observer to, if necessary, keep Colonel North involved about what was going on and see whatever ways I could be of help.

Q Did the State Department play a role in that?

A Could you be more specific, please?

Q Were you aware of anyone from the State Department who was involved in the San Jose accord? The reaching of the accord? Negotiations that went into it?

A No, other than Jonathan Miller was down there just

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to provide information on it.

Q What was his position at that time, as far as you knew?

A He was with the Latin -- office of Latin American Office of Public Diplomacy, I believe. But, no, I think that much of this was -- the Nicaraguans themselves, it had been pounded into their heads over and over again that they needed to have a united front.

Q What was the relationship as far as you could see between Chris Walker and Ollie with regard to the -- Chris Arcos, excuse me -- with regard to the NHAO program?

A I knew that Chris knew Ollie and he may have talked with him occasionally, but Chris followed the chain of command, and obviously Ambassador Duemling was his direct superior. I think there was a concern on all of our parts that the program was probably not being run satisfactorily, and also the situation with [redacted] was very tenuous. Chris had excellent relations with [redacted]

Q Were you aware that Arcos -- do you know Bill Walker?

A I never met him. I know who he is.

Q From Mr. Abrams' office?

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A Right.

Q Are you aware that Arcos and Walker used to have meetings regularly with Ollie?

A I knew they would talk occasionally, yes.

Q I mean weekly, sometimes two times a week?

A No.

Q Breakfast meetings as well as workday meetings?

A As I said, I knew that there were meetings that were taking place. I didn't know the frequency of them.

Q Do you have any reason to believe they concerned anything besides the conducting of the NHAO program?

A The only other thing that it possibly would concern would be our relations, United States relations with [redacted] and possibly other countries.

Q Did you get the impression that Ollie dealt with Arcos as an alternative with dealing with Duemling?

A There was a -- I think Ambassador Duemling and Colonel North had some differences and so he may have felt more comfortable working with Chris Arcos.

Q Did you get the impression that Chris Arcos was taking some, on a periodic basis, taking some orders from North and he wasn't reporting to Duemling?

A No, I didn't get that impression. I think he probably talked with Ambassador Duemling about most everything. I'm not sure that Ambassador Duemling knew these meetings were taking place, but I don't think he was necessarily taking orders from Colonel North.

Q Did you ever learn from Chris Arcos or Ollie North or anyone else that Chris Arcos had been visited at the State Department by people in early 1986, complaining about Gadd, Secord and the possible involvement of Tom Cline in the conducting of their NHAO flights?

A Yes.

Q Who told you about it?

A Chris told me.

Q Chris told you?

A Yes.

Q Was Ollie present?

A No.

Q Why did Chris tell you?

A He knew that I knew these people and also knew that I was close to Ollie. And these people had come in with a concern that there was mismanagement and perhaps money was not being spent right. I think, also, they had a concern

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that they weren't part of the action.

Q Did Chris express any concern to you on his part that there were people involved here in the form of Cline's people who might be defrauding the government?

A I can't remember Cline's name being brought up, but certainly Gadd, Secord and --

Q How about the name Wilson?

A No, I don't believe his name was brought up.

Q Did Arcos tell you that these people warned him that Ollie could get in trouble by associating -- having anything to do with these people?

A Yes.

Q Did you provide him with any information to allay his fears in that regard?

A To allay Arcos' fears?

Q Yes.

A No.

Q Did you give him any opinion that you didn't think anyone was being defrauded?

A No. I just said that -- the only thing I can think I would have said is it's a problem that a lot of people are concerned about.

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Q But you were on the scene?

A Right. By "on the scene" --

Q You were down there. He wasn't, Arcos wasn't.

A Right. Right.

Q Did you relay to him the impression that you didn't think that the State Department was getting ripped off at that point?

A Yes. Cline's name really didn't come up because he wasn't involved with NHAO that I know of.

There was -- there were concerns that had been voiced to me by Mario Calero and others about Gadd and certainly about General Secord, and I had had a conversation with, I think some of the -- at least one of the people who had gone in to see Arcos, where they voiced the same thing.

It was about this time that I also wrote the memo to Colonel North which was, I think dated, now, March 26th, in which I brought up Tom Cline's name and General Secord's names and those concerns.

Q And do you have any knowledge as to whether Arcos discussed those concerns with Ollie himself?

A I would imagine he probably brought them up, but I don't know for sure. I never asked, or he may have told me and I forgot.

Q Do you have any knowledge whether Duemling did?

A I think Ambassador Duemling was always suspect of just about everything, and I don't really know whether Chris really discussed it with him or not.

Q I think Terry asked you a question about giving money to Robelo on one occasion -- two occasions, I think they were, for expenses when he was here in Washington.

A Right.

Q On those occasions when you gave him money for expenses, on either of those occasions was there any question in your mind as to the propriety of giving money that was being raised from private individuals to help a cause in Central America, to having one of their leaders stay here in town at a hotel and whatever other expenses he had here in town?

A I think I can answer that by a little vignette. One of the first times that [redacted] was up in town, in '85 -- it wasn't the first time he had been here but it was right after, I think, UNO had been formed or the San Jose accords had been formed. He even voiced concerns: "Should I be staying at a place such as the Marbury House? Does it look like it's too ritzy?" Compare that with Calero who was always staying at the Hay Adams or the Sheraton Carlton. There was a difference in that, but I think these people's expenses had to be taken care of, so I didn't see any impropriety in that.

I'm going to go back to something that we had talked about that Tom had asked. I bring this up because I thought about what you were asking regarding the Honey-Avignone issue.

This is regardless of the lawsuit, in that there was always a concern that they may have been agents of the other side, if not active, at least passive. And I think that at one point it was brought up that a counterintelligence operation should be mounted against them because of this possibility. But a decision was made -- my understanding at the highest levels -- not to undertake that.

BY MR. SMILJANICH:

Q What do you mean the highest levels?

A From my knowledge, to mount a counterintelligence program against an American citizen, it has to be agreed to by the director of the Central Intelligence Agency and the

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Attorney General.

Q Who told you that this decision had been made at the highest levels?

A It was voiced to me on at least one occasion by, I believe, initially by the [redacted] and then the ambassador may have said something to that effect.

Q Ambassador Tambs?

A Yes. It was felt there was enough circumstantial evidence that could be undertaken, but perhaps because there were reporters or perhaps because they were involved in a lawsuit, the decision was made not to do this.

Q What was the genesis of this idea? Who was the genesis of the idea?

A I think it was -- I'm not sure that I know who the genesis of it was. But, it was just a concern and it had been voiced by a number of people that they were working for the other side and perhaps providing either a disinformation program or misinformation program or active intelligence to the other side.

MR. SMILJANICH: Thank you.

MR. LEON: I don't have anything more.

MR. EGGLESTON: Are you done? I have, now that --

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I just have a real quick little area.

BY MR. EGGLESTON:

Q In August of 1986, Colonel North met with representatives of the House Select Commit on Intelligence.

A Yes.

Q Did you know he was going to do that?

A I knew that a resolution, I believe, had been passed which named specifically General Singlaub, John Hull, and myself.

I later learned that he did meet with them in August. I asked him what he said about his knowledge of me and he said -- I told them that yes, I knew, had met you on occasion, but -- I believe he said you did not work for me or something to that effect, but he knew I was involved in helping the resistance. I can't really remember what it was that he said, but he did mention that he was asked about me.

Q Did he indicate to you whether he had -- he believed he had been truthful or untruthful before the Committee about his relationship with you?

A He didn't really say. It was just in passing. He said: Yes, I was asked about you and I said yes, I met you on a couple of occasions. He didn't go into any great depth,

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nor do I think he went back in his calendar to see how many times I had been in to see him.

Q I take it -- maybe this is conclusory -- I take it, though, if he had told them he met you on a couple of occasions, that would have been an independent estimation of how many times he met you?

A Yes. There were times not only on his calendar we met, but there were times we met outside of the building just so I won't keep showing up on the computer all the time.

Q Did he indicate whether or not he had been asked about whether he was involved with you in supplying the Contras?

A He didn't indicate one way or the other.

Q Do you remember anything else he said to you afterwards about the meeting?

A No. By that time the meetings that I would have with him were -- usually few and infrequent. He was a busy man and I didn't want to take up a lot of his time.

Q Okay. In the summer -- well, let me ask one more on that line.

Before he had the meeting with the members, did he talk to you about how he would respond to the question?

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A I brought it up to him once. I believe the measure was passed in June. I can't remember. But I believe I brought it up with him once and asked him how he was going to respond to it? He said: Well, I don't know. Maybe I won't have to respond to it.

Q But that's the only question or only conversation you recall with him about how he would respond to the resolution of inquiry?

A Yes. We never talked about it, laid out a plan what he should say or shouldn't say; no.

Q The summer of '85 he was -- it was a similar, although it was not pursuant to a resolution of inquiry, there was a similar investigation into his activities. Did you ever speak to him about that?

A Yes. On several occasions he had a concern for these investigations, and I think there was at least two or three times when he felt that he was going to, potentially, be out the door, and leave the NHC. But he seemed to have been a cat with nine lives and continued to survive.

Q Did he ever tell you about about any attempts to alter documents?

A No.

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Q Or remove documents from the official system?

A No. The only conversation we had about documents was the one time I asked him about what happened to mine? He told me they were in a safe place; and obviously they were. You have them all.

Q That's right. He kept them in his safes.

I don't have anything.

MR. LEON: I just want to follow up a couple of questions on the last point you just made.

BY MR. LEON:

Q Did he recount to you a meeting with McFarlane with respect to certain documents that McFarlane was troubled about, as to his, Ollie's, involvement in Central America? Did he ever recount a meeting to you about that?

A No, not at this time. I don't remember that.

Q Do you recall him ever telling you how he explained to McFarlane his involvement with respect -- McFarlane's difficulties with what he was doing?

A No. I was always under the assumption that Mr. McFarlane knew what it was that he was doing and we were all working under the aegis, although not being U.S. Government employees, but at the behest of the United States

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Government. He once likened it to one of FDR's representatives who was a private citizen yet did things in a private way for the president.

Q Diplomat without portfolio?

A Yes, not being a representative of the United States Government.

MR. EGGLESTON: I have nothing further.

MR. SMILJANICH: No.

MS. DORNAN: I just have some questions.

BY MS. DORNAN:

Q Could you give us your own assessment of both Secord and the NHAO operations in Central America?

A Let me go with the NHAO operation first. I don't think Congress could have put together a worse package. On one hand, it's like giving someone the keys to a Cadillac and then saying don't drive it, in that there was plenty of opportunity with the way it was going to be managed for misuse of funds.

I brought this up to Ambassador Duemling and to Colonel North, because there was no way to verify the expenses.

One of the things that I suggested was that you put people in Central America or set up bank accounts, and have someone down there who would be writing the checks, or have, in essence, bean counters, to ensure that the funds were properly spent and not misspent. The way it was structured there was plenty of latitude for people to misuse it. And then to have Congress turn around and say the money was misused is as much Congress' fault as anyone else's fault.

As far as General Secord, the times I met him he was always cordial and direct. I would like to relay a story that I had, or a meeting I had with Colonel North in which I brought up the concerns that had been voiced about General Secord and Colonel North's comments was: "The man is a great American. He's not making any money off of this. He is serving his country, and when the story comes out as far as what his commitment has been, I think that he will be looked upon as both an honorable man and a patriot."

BY MR. LEON:

Q Did you ever see any evidence to indicate he was making money on the side or taking money?

A No. There was -- I'm not sure who was -- let me rephrase that.

Those involved in this Nicaraguan operation seemed to enjoy Machiavellian politics, lies, deceit, and scurrilous rumor, and there's a number of people that spread those types of rumors that General Secord, Oliver North and others were making money out of this operation.

Q You never saw any evidence to indicate that?

A No, but plenty of people brought it up.

Do you want to ask me what I think about the operation itself?

MS. DORNAN: Yes.

MR. LEON: Yes.

THE WITNESS: Save it for the cables.

MR. SMILJANICH: If there's no more, then I guess that concludes the deposition.

MR. EGGLESTON: I would like to go over some stuff with him but --

MR. HYLDEN: We are off the record, then?

MR. LEON: We are off.

(Discussion off the record.)

(Whereupon, at 6:40 p.m., the deposition was concluded.)

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Committee Hearings

of the

U.S. HOUSE OF REPRESENTATIVES

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DEPOSITION OF ROBERT OWEN

Thursday, October 1, 1987

U.S. House of Representatives,

Select Committee to Investigate Covert
Arms Transactions with Iran,

Washington, D.C.

The deposition convened at 10:37 a.m., in Room 2154, Rayburn House Office Building.

Present: Ken Ballen, Staff Counsel; Pam Naughton, Staff Counsel; Bob Bermingham, Investigator; and Richard Leon Deputy Minority Counsel.

Also present: Tom Hylden, Sachs, Greenebaum & Tayler, on behalf of the witness.

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Whereupon

ROBERT OWEN

was called as a witness, and after having been first duly sworn, was examined and testified as follows:

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. BALLEN:

Q Mr. Owen, you were previously under subpoena to the House Committee as well as the Senate Committee. Your appearance here today is pursuant to that continuing subpoena, and you were previously ordered by the Chairman of the House Committee, Lee Hamilton, to testify, and he communicated to you an immunity order issued by the District Court in the District of Columbia, and all your answers today are under that compulsion and continuing immunity order.

This should be our last proceeding under that.

MR. HYLDEN: With that understanding, he will answer your questions.

BY MR. BALLEN:

Q As I explained to your lawyer earlier, I have some general areas to ask you about that perhaps we didn't inquire into fully before, and we are interested in gaining your knowledge on those issues to supplement the record.

A I will do my best.

Q Thank you.

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The first area and/or person that I would like to ask you about is John Hull. Let me ask you a series of questions.

When did you first meet John Hull?

A I believe in June or July 1983 he came into Senator Quayle's office. He was a resident of Indiana. He considered Quayle his Senator. He came to discuss what was going on in Central America, he had with him a Nicaraguan and two other Americans.

While he was in the office, he started talking about what was going on. I felt it was important that others listen to him and set up appointments with others on the Hill and one with Ollie North.

Q When was that?

A Summer of 1983.

Q Did you accompany him to visit North?

A Yes, I did.

Q What was in general the topic of discussion?

A It was the first time they had met. I got the feeling that Ollie must have done background on who he was before. It was a friendly gathering discussing the Southern Front. The Nicaraguan, a fellow by the name of [redacted] did most of the talking because he had been one of Eden Pastora's commanders and had just come out of the field the past week.

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Ollie was interested in knowing what the morale of the troops was, whether they were getting supplies.

Q What was his involvement? How did he know this information?

A How did Hull know the information?

Q Yes.

MR. HYLDEN: How did Hull know the information that [redacted] was conveying?

THE WITNESS: The Nicaraguan was conveying this. John was more -- I think Eden paid for [redacted] trip here and wanted him to go around and talk to as many people as possible.

John may have talked about his observations, but it was nothing specific that I can remember.

[redacted]

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At that time, I was with Gray & Company, a private citizen. I had taken time off from Gray & Company. We had been approached by the FDN.

He said, "Why don't you take a trip there," and I did.

Q From summer 1984 on, what were your contacts with John Hull? Did they continue?

A Sure. Most every time I was in Costa Rica I would see him. I would drive out to his farm or he would be in town and meet me.

In October, I set up a meeting between him and Adolfo Calero where it was decided Adolfo would provide $10,000 a month for humanitarian assistance.

Q What was he to do for that?

A Provide the troops food, medicines --

Q This would be the Southern Front?

A Yes.

MS. NAUGHTON: October of what year?

THE WITNESS: 1984.

MS. NAUGHTON: How long did this payment of $10,000 last?

THE WITNESS: I think it went through September of 1985. I am not sure. Hull kept meticulous records that he would pass on to Calero and usually give me copies and occasionally I would give copies to Ollie.

BY MR. BALLEN:

Q Did Hull perform any other role of assistance to the Southern Front? How did he distribute the money?

A There was a concern if money was being given directly to people, it might end up in pockets. One of his people would buy the food, the boots or clothing and then they would send it up to the border or wherever it was supposed to go.

Q Was this an operation that Colonel North had approved of?

A Actually, it wasn't until I think after it happened that Ollie even knew John was getting $10,000 a month from Calero.

At some point, I told him and he said that was news to him because I hadn't talked to him about it, and I don't think Calero did either.

It was decided between Calero and Hull and there was another Nicaraguan [redacted]

[redacted]

So Hull kind of acted as a coordinator in trying to help them get the subsistence.

Q Was he involved in any military assistance or advice for the forces at that time -- when I say at that time, I am talking October 1984 to September 1985?

A There was really very little military action going on at the time. There were five or four people who ended up going down there, two Brits, a Frenchman, and two Americans.

Q Do you recall their names?

A Steven Carr, an American; Peter Glibbery, British; John Davies, British; Claude Chofford [redacted], French; and Robert Thompson.

Hull was the type of person who attracts every kind of conceivable individual you can imagine. Somehow his name is well known in Costa Rica.

Many people would show up on his farm.

Q Where exactly is his farm?

A In a town called Muella, about 30 minutes outside of Quesada and roughly 2-1/2 hours from San Jose.

Q How far is it from the Nicaraguan border?

A As the crow flies, maybe 30 kilometers, maybe less. I am not really sure. He also managed other property up near the border, closer to the border.

Q In any event, you were saying he attracted these people.

A Hull was in Miami in March of 1985, I believe, and Glibbery and Davies and maybe even Chofford ~~Chafaurd~~, I am not sure, ended up flying down with Hull, and I think Hull bought Glibbery's ticket because he didn't have enough money.

These guys had been recommended to Hull by -- somehow they got connected with Bruce Jones and Tom Posey, I think, and I think they had some idea that they were going to be able to be training or provide some training to the resistance.

They weren't military people, although I think Glibbery and Davies [redacted] had some military background.

Eventually they ended up all getting arrested on the border and they were not on Hull's property, they were on someone else's property at the time.

I understand they had been involved in at least one incursion in Nicaragua, some of them. They were thrown in jail. I think after about a year they were let out on bond and I think Hull put up the money for the bond.

Davies, Thompson, and Carr all went over the border to Panama and ended up fleeing the country. Chofford [redacted] and Glibbery stood trial and are presently serving five years in jail in Costa Rica.

Q You say they had planned -- some of them had participated in one incursion and they had planned to engage in military training and other action.

Did you talk to Colonel North about any of this?

A No. I mean these guys -- there was no reason for me to talk to him about it. He had too many other things on his mind and this was something that I don't think was taken very seriously by any of us.

There were guys who wanted to go down --

Q How about Tom Posey? You mentioned him.

A I gave Ollie --

MR. HYLDEN: What about him?

BY MR. BALLEN:

Q What discussions, if any, did you have with Colonel North concerning Tom Posey?

A At one point I gave Ollie a list of the things that Posey had passed on to me that he said he had sent down to the FDN, because that is who he was basically working with.

One of the things I ended up doing from time to time was sort of keeping Ollie informed about what these various soldiers of fortune, if you will, were doing.

One of the people being Jack Terrell, because there was a tremendous concern about him, and everyone, Calero, Hull, North, me and others were all concerned that, one, Posey kept talking about why didn't they have trainers there who were eventually going into operations, and no one wanted an American there who was going to get killed like happened with the two that were on the helicopter that was shot down. That would be just unacceptable.

So I tried to in some way guide Posey to tell him you don't need to send people there. If you want to send supplies, that is fine, but don't be talking about sending a lot of people there for training.

Posey called me to try to keep me informed of what he was doing. I never told him that I worked for North. He knew that I worked closely with Calero. Posey was working by and large with Mario, Calero's brother, and he kept trying to find out where CMA stood in all this, so he used me as a sounding board, if you will.

I think the first time I met with Tom was January 1985 in Miami and then he was up here in Washington.

Q What were the circumstances of that meeting in January 1985?

A In Miami?

Q Yes.

A I am not sure how it came about, but there were a couple of meetings. Some took place at the Howard Johnson's, contra discounts, near the airport and there was a meeting that took place at Calero's home.

Tom Posey was there, Jack Terrell, Colonel Flacko, a fellow by the name of Joe Adams, I was there, Hull was there, Calero was there, Frank Chanis was there. There may have been a couple others.

Q What was the substance of the discussion?

A The substance of it was to try -- Posey wanted to find out what he could do with the Southern Front and Hull was there and Calero had chosen Hull to be in essence the coordinator.

We were supposed to discuss the Southern Front, but what ended up happening was Jack Terrell started talking about arms and munitions that the ~~residence~~ resistence had [redacted] they wanted to sell to Calero and the Indians had given Terrell a letter saying that he was their representative.

So a lot of the meeting was to discuss that and there were never any substantive discussions that came out of that that I can remember.

Jack Terrell said in a newspaper article there was discussion of assassinating Eden Pastora again. To my knowledge, that never took place. That was a pure lie.

In the meetings in the hotel in the Howard Johnson's Posey kept trying to talk about how they could help the Southern Front.

Hull may have finally said if you want to send some people to look at what is going on down there, fine; I will be happy to show them around.

Eventually I think Posey and Terrell may have gone down to Costa Rica, I can't remember, but someone did go down. They looked around and nothing substantive came of it. That is how the five guys ended up going there.

Claude Chaffard [redacted] had been working with the FDN.

Q From the fall of 1985 until the fall of 1986, what activities, if any, did John Hull engage in in support of the Nicaraguan resistance?

A Really very little. At that time he was working -- part of the time I was working with NHAO. Usually when I was in Costa Rica, I would end up seeing him or talk to him on the phone, but he didn't really help NHAO at all. He would constantly have Nicaraguans coming into his farm asking for help, Indians would come in and ask for help, but he didn't really play any substantive role.

Q Did he play a role in the resupply operation in terms of aiding the southern forces?

A Not really, because that was a separate vehicle set up. He was so tainted by then as far as being a public figure that there was no reason to try and involve him in it.

Q Was that a conscious decision that you had discussed with Oliver North or not?

A No, it was just common sense.

Q It was not something that anyone decided or discussed?

A There was really no role for him to play because we were working with [redacted] and he had his own people [redacted]

Q He was receiving $10,000 a month from Adolfo Calero from approximately October 1984 --

A Probably more November or December.

Q Until the fall of 1985 sometime?

A Right.

Q What caused that to stop?

A One, Calero was running out of money. NHAO had come on to line so there was no reason to provide money to do things that NHAO was going to do, so there was no reason for it to continue.

To the best of my knowledge, all the money that Hull got went specifically towards humanitarian goods and services. He didn't make any money out of this.

Throughout this whole thing, he lost money in every way conceivable.

Q So, in other words, once NHAO money started coming in, there was no need for this money being channeled?

A Yes, plus Calero was running out of money.

Q Do you know an individual by the name of Joseph Kelso, aka Richard Williams?

A No. I got a letter from Hull in summer of 1986, which I have, and it was a very disjointed letter. Before I ever talked to Ollie, Kelso had said that he was working for Customs out of Denver.

Q How did you learn this?

A It was in the letter. If you have a copy of the letter, I could sort of explain it to you. I ended up calling Customs in Denver and asking for --

MS. NAUGHTON: Can we start at the beginning? As far as Kelso, did you first get the letter from Hull or did you first meet Mr. Kelso?

THE WITNESS: I never met Mr. Kelso.

MS. NAUGHTON: So the first you heard of Kelso was the letter?

THE WITNESS: Yes.

MS. NAUGHTON: Did he refer to him as Kelso or with another name?

THE WITNESS: Actually, there were two names, and I can't remember the other name right now.

MS. NAUGHTON: Does the name Williams ring a bell?

THE WITNESS: Yes, Richard Williams.

MR. HYLDEN: Do you have the letter?

MR. BALLEN: I don't have it.

MS. NAUGHTON: I do not.

THE WITNESS: You have a copy of the letter, though?

MR. HYLDEN: It was in the documents that we turned over to you.

MR. LEON: You don't recall if it was an exhibit at the hearing?

THE WITNESS: It didn't become an exhibit. We probably have a copy somewhere if you need it. It is sort of a long, involved story. I ended up calling Customs at Denver --

MS. NAUGHTON: Wait a minute. What prompted you to do that? What was in the letter that prompted you to do that?

THE WITNESS: Hull was concerned -- within the letter, there was a concern that DEA, the Drug Enforcement Agency people [redacted] were taking money for looking the other way in narcotics trafficking. The story --

BY MS. NAUGHTON:

Q Was that Mr. Hull's concern?

A No, that was Kelso's concern.

Q What was Mr. Hull's concern about Mr. Kelso saying that?

A He had this guy show up at his farm. He was brought in by a doctor, someone that Hull knew and trusted. This guy came in and said, "Look, I have been told that you are the one guy I should contact. There is a real problem here. I think the DEA people are trying to kill me. I am convinced that they were involved in narcotics trafficking and looking the other way. And I don't know who else to turn to." While Kelso was there at some point I believe Hull called, I don't know whether it was the civil guard or the rural guard -- I haven't read the letter in a long time -- anyway, people from the Intelligence Service of the Government of Costa Rica showed up. Then a major showed up and they pulled Kelso out of the room where he was sleeping.

All he had on was underwear. Shots were fired and he was taken away in a car.

Q Do you know why Mr. Hull called the Intelligence Service?

A I think there was concern on his part as to who this guy was and what was going on. Hull is weary of people talking about narcotics because people have tried to label him as being involved in narcotics trafficking.

To my knowledge over the four years that I knew him, there was absolutely no truth to that whatsoever. So I think he was concerned.

The guy was hustled off. A couple days later Hull gets a call from Kelso saying, "Meet me at the airport. I am about to be thrown out of the country."

At that time, I think Kelso tells him his real name is Williams or vice versa. He said previously he had been in Egypt and brought back over to Costa Rica. It was very bizarre.

One of the concerns was that, one, DEA was involved with trafficking in drugs, that Hull was concerned about that.

He was concerned about whether he was being set up by someone. I think those were the two major concerns.

So out of curiosity, I took it upon myself before I talked to North to call Customs in Colorado and ask if Mr. Kelso was there.

A special agent said he is not here.

MR. BALLEN: How did you know to call Customs in Colorado?

THE WITNESS: Because Kelso had told Hull he was working for Customs in Colorado. It was in the letter. I hadn't talked to Hull on this. I just had the letter.

BY MS. NAUGHTON:

Q When you called, who did you tell them you were?

A I told them I was a private citizen, Rob Owen.

Q Is that the first name you used?

A I said I was trying to get in touch with him on behalf of Mr. Hull. I used Hull's name.

Q When you used Hull's name, did you pretend to be Mr. Hull?

A I can't remember. Maybe that was the first phone call. Then I called him back and said what my name was.

MR. BALLEN: You called him out of curiosity?

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THE WITNESS: Yes. They have a special agent who comes back to Washington and I either talked with him on the phone or I met him.

BY MS. NAUGHTON:

Q Who was that?

A It was not a special agent. It was someone from the U.S. Attorney's Office, a guy named Blackford or Black.

Q You met with him?

A I don't think I met with him. I talked to him on the phone.

Q That was after your initial phone call to Customs?

A Right.

Q Do you recall how long after that first call to Customs?

A Right.

Q Do you recall how long after that first call to Customs?

A Within a couple of days. He was coming back here anyway. The whole thing was kind of screwy.

MR. BALLEN: What was the substance of the conversation?

THE WITNESS: I must have met the guy, maybe I even gave him a copy of the letter.

BY MS. NAUGHTON:

Q Mr. Black?

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A It is something Black. At least I think it is something Black.

Q You think you gave him a copy of the Hull letter?

A I think. I don't remember. You would have to get in touch with him. This is sort of an offshoot of all this. If I could briefly say, eventually I went in to talk to North and gave him a copy of the letter and said "I am concerned because I don't know whether Hull is being set up, whether there is a problem with the DEA or what is going on."

He had had within a day or two before that a letter that came across his desk that was signed by, I believe it was the head of presidential security for Costa Rica, a fellow by the name of -- actually, it may even have been signed by Oscar Arias -- I don't remember -- but it said that Mr. Kelso, and he named a Customs agent in New Orleans, had been involved in stopping a potential assassination attempt on President Arias.

And the reason that the name flashed across North is because this letter had come across his desk regarding Central America and regarding Costa Rica, so it flipped in the back of his mind, Kelso.

So it was all a bit bizarre, and anyway I ended up taking a trip down to Costa Rica. One of the reasons there was a concern, somehow -- I don't want to get involved in this because it brings in Honey and Avirgan --

MR. HYLDEN: Why don't we go off the record and you and I talk for a second.

[Pause in the proceedings.]

MR. BALLEN: Back on the record.

BY MR. BALLEN:

Q Back to Mr. Kelso.

You testified that you called out to Customs in Denver; is that correct?

A Right.

Q Did you ask whether or not Kelso was acting as an agent, a U.S. agent for Customs?

A Basically I was -- I think the call went something like this.

MR. HYLDEN: Before you answer that question, Mr. Owen, let me ask you whether your call to Customs in Colorado was part of an investigation being performed by you in connection with the defense of a civil suit pending against you in Miami?

THE WITNESS: At that time I would have to say no, because I didn't know there might have been a connection.

MR. HYLDEN: Then you may answer the question.

THE WITNESS: I said I was trying to get in touch with Mr. Kelso, I gave the name John Hull, that he had recently been in Costa Rica. I was trying to track him down. I think this might have been on a Friday and I think the gist of it was why don't you call back either tomorrow, if it was a Thursday, or Monday -- I don't remember the date.

I called back and talked to a Customs special agent and he was curious as to how I knew about Kelso and so forth.

I said that I had a friend in Costa Rica, but this time I gave him my name, I believe. He said, "Well, we have a U.S. Attorney who is presently investigating Mr. Kelso, we would like him to talk with you."

At this point, if memory serves me right, and I can't say explicitly, I went to Ollie North and talked with him and gave him a copy of the letter.

BY MR. BALLEN:

Q The letter from John Hull?

A Yes. I said there is obviously something screwy here. I am a little concerned about it. Do you know anything about it?

He at that time brought up a letter that he had received from the Office of the President of Costa Rica and I think it was under -- it may have been under Alex MacNaulty's signature, but on the President Arias stationery, or it was signed by President Oscar Arias and had MacNaulty's name in it.

I said this is screwy. I said I am concerned. I don't know whether Honey and Avirgan are behind this. We don't know where this is going.

I ended up talking to a separate lawyer other than my present counsel and the decision was made that I go down there because of the concern about the lawsuit.

Q When you spoke to Customs and the U.S. Attorney in Colorado, did you ask whether or not Kelso was an agent for Customs or the United States Government?

A I think I probably did.

Q What response?

A The response was -- I can't remember what the response was. Eventually -- no one was sure whether he was an agent or he wasn't an agent. As I said, truth is stranger than fiction, and this is one of those stranger stories.

Q So you don't recall at that time whether you were told --

A At that time. Eventually I learned that at one time he was.

Q Subsequent to your call to Customs in Colorado, did you speak to any agent of Customs in Washington, D.C.?

MR. HYLDEN: Other than in connection with investigating the civil suit that you were involved with.

THE WITNESS: We are going to run into a brick wall.

MR. HYLDEN: Then we have a brick wall. That is all we can do about it. I don't want you to testify about work you did investigating -- the investigation in connection with the civil suit in this.

THE WITNESS: Sorry.

MS. NAUGHTON: Let's ask this question: Presuming that such a meeting did occur in Washington, D.C. between yourself and officials or an official of the U.S. Customs, did you explain to that official that you were investigating a civil lawsuit?

MR. HYLDEN: Don't answer the question.

THE WITNESS: I have to listen to my counsel.

MS. NAUGHTON: Did you receive anything from that U.S. Customs official regarding Mr. Kelso?

THE WITNESS: I can't answer.

MR. HYLDEN: What U.S. official?

Would you clarify your question? What Customs official and when?

MS. NAUGHTON: He wouldn't answer the question.

MR. HYLDEN: He has answered a lot of questions including questions about conversations with Customs officials in Colorado.

MS. NAUGHTON: You mentioned that you called U.S. Customs in Colorado -- this is prior to consulting with an attorney.

THE WITNESS: Right.

MS. NAUGHTON: What was the name of the Customs official to whom you spoke in Denver?

THE WITNESS: His name is Gary -- I don't know his last name.

BY MS. NAUGHTON:

Q Is it Hillberry?

A That might be right.

Q Did you speak to anyone other than Mr. Hillberry during that conversation?

A I don't believe in that first conversation that I did.

Q And the second conversation with Mr. Hillberry took place when?

A At a subsequent time within a few days and at that time I believe that Mr. Black, and I don't know -- you, I am sure, know the name --

MR. HYLDEN: Can you help him on that?

MS. NAUGHTON: It is Mr. Black.

THE WITNESS: I did talk with him on the phone at some subsequent time within a framework of a few days, right.

MS. NAUGHTON: When you spoke to Mr. Black, how did you identify yourself?

THE WITNESS: As Rob Owen, private citizen, who worked for a group called the Institute on Terrorism and Subnational Conflict.

BY MS. NAUGHTON:

Q Had you in the meantime spoken to Colonel North?

A I don't remember whether I spoke to North before or after that conversation.

Q Had Colonel North told you that he had spoken to anyone at Customs?

A Not when I first met him, because when I first talked with him, he didn't know anything about it.

Q Subsequent to your conversation when you told him about it, do you know whether or not Colonel North spoke to anyone at Customs?

A I think at this point is where the concern that involved the lawsuit -- I think I talked with a lawyer at some point and a decision was made that this was regarding the lawsuit, that there was some connection.

I don't know whether you want me to answer that or not.

MR. HYLDEN: I don't want you to answer it. I am willing to talk to you off the record to see if there is a way to get around this.

MR. BALLEN: Let's go off the record.

[Pause in the proceedings.]

MR. BALLEN: I will put this on the record.

Since we don't know where your privilege starts, we are going to ask the questions we feel we have to ask.

Whenever you want to assert the privilege that you are claiming, assert the privilege.

THE WITNESS: I just assert it as attorney-client privilege; is that right?

MR. HYLDEN: I will just instruct you not to answer.

MS. NAUGHTON: We want to put the exact basis of the privilege on the record. On the record, we will state that it is not the committee's position that we recognize the privilege, but you may certainly assert the privilege. We can go back for a ruling on it.

BY MS. NAUGHTON:

Q We were at the point -- first let me ask this -- when you first called Customs about Mr. Kelso, could you give us a month and a year of this conversation?

A I can't give you a month unless I have a copy of the letter.

MR. HYLDEN: Let's go off the record for a moment, okay?

[Pause in the proceedings.]

MS. NAUGHTON: Back on the record.

BY MS. NAUGHTON:

Q The initial phone call again that you made to Customs in Colorado, could you give us an approximate month and year?

A I believe it may have been August 1986. You would have to go back and find the letter and see what the date was. It could have been somewhere around there.

Q And do you recall the first conversation you had with Colonel North on this subject? Was that in August of 1986?

A I believe so. It would have been within the next few days. You can go back and check the records on his entry log.

Q Did Colonel North direct you or suggest that you meet with anyone at U.S. Customs in Washington, D.C.?

A At that initial meeting, I do not think so.

Q After you spoke to Assistant U.S. Attorney Black, did you then speak to Colonel North?

A I think that I probably called him up and told him that I had talked with him.

Q Did you at that time believe that Mr. Kelso was a Customs informant?

A I had not made any assumptions one way or the other about Mr. Kelso at that time.

Q At the second conversation with Colonel North after you spoke with Mr. Black, did Colonel North then suggest that you meet with anyone from U.S. Customs in Washington, D.C.?

MR. HYLDEN: I believe this was the question that

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when you were asked it last time you said that at this point you had made a connection in your own mind with the Honey-Avirgan suit and were investigating. If that is so and if that second conversation with Colonel North falls into that time period, then I instruct you not to answer so there wouldn't be an argument of waiver of applicable privileges.

THE WITNESS: The way I would like to do this, and correct me if I am wrong, but either at the first conversation or at the second conversation, to the best of my recollection, that I had with Colonel North, it became apparent, or it was considered that this may have a reflection on the civil suit that has been filed in Miami, and therefore, that was when the connection was made and that was when it was undertaken as part of the civil suit investigation, contacting a lawyer.

MR. HYLDEN: That is enough. Don't answer that question she has just posed any further.

BY MS. NAUGHTON:

Q This committee has received testimony that you met then with the Assistant Commissioner for Customs, Mr. William Rosenblatt. Is it your testimony then that this meeting, your meeting with him, was in connection with investigating the civil private lawsuit against you?

A That was my understanding of basically what that meeting was about.

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Q Did you tell Mr. Rosenblatt that that was your purpose for being there?

MR. HYLDEN: I instruct him not to answer.

BY MS. NAUGHTON:

Q Did Mr. Rosenblatt arrange for you to receive any materials pursuant, from that visit?

MR. HYLDEN: I instruct him not to answer. I am going to instruct him not to answer any questions within this time period that pertains to the privilege.

BY MS. NAUGHTON:

Q Did Mr. Rosenblatt give you any tape recordings?

MR. HYLDEN: I have instructed him not to answer that question. I will instruct him not to answer any questions about that meeting. You just asked him another question about it.

MS. NAUGHTON: No, I didn't.

BY MS. NAUGHTON:

Q Subsequently to meeting with Mr. Rosenblatt, did you pick up tape recordings from the Customs Service in Washington, D.C.?

MR. HYLDEN: Objection. I instruct him not to answer.

BY MS. NAUGHTON:

Q Subsequent to picking up tape recordings, did you ever return them to the Customs Service?

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MR. HYLDEN: I instruct him not to answer.

BY MS. NAUGHTON:

Q Subsequent to the meeting with Mr. Rosenblatt, did you meet in Costa Rica with agents of the Custom Service?

MR. HYLDEN: I instruct him not to answer.

Off the record.

[Discussion off the record.]

MS. NAUGHTON: Back on the record.

Since the witness has refused upon advice of counsel to answer any further questions in the Kelso matter, I have no further questions and Mr. Ballen may have other areas of inquiry.

MR. HYLDEN: The record will speak for itself as to what I have advised my client.

MR. BALLEN: I have no other questions on any other matters. We covered John Hull previously. That was my major area of inquiry.

MS. NAUGHTON: I have other areas.

BY MS. NAUGHTON:

Q Do you know Mr. Spivey?

A Yes.

Q Could you tell us where you met him?

A In Washington, D.C. I received a phone call with North, or I was talking with Ollie, and he said, "There is a Hollywood producer who is thinking about doing a movie and

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I had given him your name and one other person's name, I believe Rich Miller. Would you talk with him?"

Larry Spivey came to Washington, D.C. --

Q Could you give us a time frame?

MR. HYLDEN: We have been through this.

THE WITNESS: Mr. Spivey came to Washington and I ended up meeting with him on numerous occasions. I accompanied him to at least one Senator's office. I think I may have set up some appointments for him with some congressional staff.

He came to my house with his girlfriend for a party that I was having.

What else would you like to know?

BY MS. NAUGHTON:

Q When was the last time that you spoke to Mr. Spivey?

A Sometime in the late winter, maybe early spring of 1985. Well, actually, I ran into him at a -- at the Nicaraguan Refugee Dinner in April of 1985.

Q And that is the last time you recall speaking to him?

A As far as I can remember.

Q Do you know whether or not Mr. Spivey had any contacts with any agents of the Federal Bureau of Investigation?

A He said that he did.

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Q What did he tell you about that?

A He said he had met with agents of the FBI in Florida and that the FBI had told him that John Hull was involved in narcotics trafficking.

Q Did he give you the name of the agents?

A He may have, but I have forgotten.

Q Have you ever spoken to any FBI agents stationed in Miami, Florida?

A Not that I know of.

Q Did he tell you how the FBI found out this information regarding the drug smuggling?

A No.

Q What did he tell you about it?

A Something to the effect of he knew that I was friends with John Hull and I think he said you better beware of Hull. I think he said something like the FBI is watching him for drug trafficking.

Q Did he mention whether or not he had seen any FBI reports of activities in Central America?

A I think he may have said that, yes.

Q Do you know whether or not Mr. Spivey communicated this information to Colonel North?

A As far as I know, no. I don't know whether he did or not. I do remember that I probably brought it up to Colonel North, because I was concerned.

Q Did you tell Colonel North about Mr. Spivey's contacts with the FBI?

A I may have. I believe that I probably would have.

Q Did Colonel North indicate to you that he would take any action on this or try to find out more about it?

A If he said anything, he was just trying to find out if there was any truth to it or not I think and I am not quoting him directly, but I think he probably said, "I will try to find out whether it is accurate."

Q Did he say how he would find out?

A No.

Q Did Colonel North tell you anything about any specific plans to shoot a movie with Mr. Spivey as producer?

A I don't know whether North did, but Spivey certainly talked about it. That is why he was in Washington, he wanted to shoot a mini series -- not only produce it, but be involved in the actual ending.

Q You mean the end of the story of the resistance in Nicaragua?

A Right.

Q What was the ending to be?

A That they would be successful.

Q Was he going to take any action to see that that happened?

A Was he going to take any action -- he wanted to try and orchestrate an ending.

Q Do you know whether or not Mr. Spivey received any money from the FBI at any time?

A You've got me.

Q Do you know if he had any contacts with any officers or assets of the CIA?

A No. For some reason, I think he may have alluded to it, but I never took him seriously.

Q Did either Mr. Spivey or Colonel North ever mention to you any contact with FBI agents stationed in Los Angeles?

A The only thing -- for some reason, I don't know whether it was Los Angeles or where it was, but for some reason, I have in the back of my mind, I seem to recall that there may have been some mention that Ollie talked to someone about Spivey to find out whether he was an all right guy, if you will.

But I don't know names and I don't really remember the specifics. It is just a vague recollection.

Q What did Colonel North tell you he was told by the FBI?

MR. HYLDEN: He didn't say, I don't think, that he knew Colonel North talked to the FBI, did you?

THE WITNESS: I said earlier I didn't think he had, but I had a vague recollection that he might have. It would have been, I guess the guy is all right? I don't know. I took the lead from Ollie as to whether to associate myself with the guy, and told Ollie eventually that I thought he was using bad judgment in associating with him.

BY MS. NAUGHTON:

Q Why was that?

A I didn't trust him.

Q Why not?

A Can we go off the record for a second?

Q Why?

A I am not going to put this on the record.

[Discussion off the record.]

BY MS. NAUGHTON:

Q Do you know whether or not Admiral Poindexter ever met with Mr. Spivey?

A I would be highly surprised. Not that I know of.

Q Do you know whether or not Mr. Spivey and Colonel North ever met with the producer David Wolpe?

A I know at some point that David Wolpe -- as a matter of fact, I think that there was supposed to be a meeting set up with Wolpe and Spivey in the White House mess at some point.

Q Do you know when that was to occur?

A Maybe February or January 1985.

Q What was the purpose?

A They may have been discussing the possibility of doing a film. Spivey had a variety of grand ideas and some of them seemed from a PR angle decent. Other ones seemed very farfetched.

Q If I could take you a little further in time to the fall of 1986 when the plane carrying Hasenfus crashed, do you know whether or not Mr. Spivey had any contact with Mr. Hasenfus?

A After the crash?

Q Yes.

A All I know is what I read in the paper and that was that he was having conversations about possibly producing his movie.

Q Do you know whether Mr. Spivey bought up the rights to Mr. Hasenfus' story?

A You will have to ask him. I only know what I read in the paper.

Q Did you have any contacts with any FBI agents that are stationed in Los Angeles?

A Not that I know of.

MR. BALLEN: Let me interrupt for a second. You asked for the letter. I wanted to give you a copy of that.

MR. LEON: Can we have that admitted as an exhibit?

MR. BALLEN: All right, we will have it put in as Exhibit 1.

[Owen Exhibit No. 1 was marked for identification.]

MR. LEON: Is this your handwriting at the top?

THE WITNESS: No, it is John Hull's. If we can go back on this -- it will clarify why he was concerned and the whole lawsuit came into being, is because there was a [redacted] and he has been associated with the lawsuit and that rang bells, too.

That may clarify why there was a trigger.

BY MR. BALLEN:

Q This committee Exhibit No. 1 is a copy of the letter that you turned over to us previously?

A Right.

Q And the writing on the top is John Hull's?

A Right.

Q So this was a letter from John Hull to you in approximately August 1986?

A Yes. I am not sure whether this writing was on the original letter or not or I got a copy of the letter and he put that on. I don't remember.

MR. LEON: How about the writing on the last page?

THE WITNESS: I believe that may have been on the letter, so maybe the original writing was on the letter, too.

MR. LEON: Do you remember who wrote that?

THE WITNESS: That is Hull.

MR. BALLEN: At the top of the first page it refers to other documents.

Do you recall what those documents were?

THE WITNESS: I think that they were some of the depositions or quasi-depositions that had been taken regarding the Honey-Avirgan lawsuit.

MR. HYLDEN: Those documents have also been turned over to the committee.

MR. LEON: Do you know why he wanted those documents turned over to Senator Rudman as indicated in his handwriting at the top of the letter?

THE WITNESS: I believe he wanted it turned over to the Senate Ethics Committee because I believe in one of the documents one of the people who were in jail said they had a conversation with a representative of Senator Kerry's office, and Senator Kerry's office had promised them money and a green card if they would come to the United States and testify.

BY MS. NAUGHTON:

Q Did you speak to Mr. Hull about this letter?

A Yes.

Q Did Mr. Hull tell you anything about Tomas Castillo's involvement [redacted]

MR. HYLDEN: His involvement with what?

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BY MS. NAUGHTON:

Q With this matter?

A No.

Q None.

A Not when I talked to him.

Q Did he specifically state to you that he wasn't involved?

A It didn't come up.

Q The very last page, the handwriting that says "Today some locals that should know told me" -- and then I can't read that [redacted] did plan to have the gringo shot here."

MR. HYLDEN: It is not end quote. There is more language there that is deleted or not contained on the copy that we have been given.

THE WITNESS: I don't think they have it either.

MR. HYLDEN: Maybe you don't. There is further printing.

MR. BALLEN: Here is the original and I will show it to you.

MS. NAUGHTON: It is dash. It looks like either a B or 13U -- "your friend the old" and then that can't be read.

If you want to read into the record your version, that is all right.

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MR. HYLDEN: It is not a question of anybody's version; it is a question of what the document says.

THE WITNESS: Are you asking me what did he mean by that?

BY MS. NAUGHTON:

Q Who was the gringo?

A The gringo was Kelso.

Q [redacted], you were told, was [redacted]?

A I believe he is either [redacted] I don't know which.

Q Moving on, I would like to ask you about some incidents that occurred --

MR. LEON: Let me just ask a question on this letter before you move on.

Did you get the name of the person from Senator Kerry's office that supposedly wrote this?

THE WITNESS: I don't think so.

MR. LEON: Do you know if it was brought to Senator Rudman's attention?

THE WITNESS: I don't remember. I believe the stuff was sent -- actually, I don't know.

BY MS. NAUGHTON:

Q Do you know if it was ever brought to the attention of the U.S. Attorney in Miami as stated in the handwriting?

A I don't know.

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MR. HYLDEN: For the record, the handwriting does not state that it was brought to the U.S. Attorney's attention.

MS. NAUGHTON: Moving on to the time period around, let's say, January of 1986 and the spring of 1986, did you become aware of an investigation being conducted by the U.S. Attorney's Office out of Miami regarding targets such as Rene Cor~~b~~vo and others who may have been involved in activities in Central America?

THE WITNESS: At some point I did. I don't remember the time frame, but I did become aware of an investigation.

BY MS. NAUGHTON:

Q Can you tell me how you became aware of an investigation?

A I think it was through the newspaper. I am not sure.

No, let me back track. You have a memo and I testified to the fact that at one point when he was in Costa Rica, I was there at the same time as representatives of the U.S. Attorney's Office and the FBI who were involved in the investigation.

Q We have received testimony that that was March 30 through April 4. Would that comport with your recollection?

A Without being able to look at my notes, I would imagine it is.

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Q When the Assistant U.S. Attorney and FBI agents were in Costa Rica, was that the first you had ever heard of their investigation?

A I can't say specifically yes or no. I think so, but I don't know.

Q From whom did you hear about the investigation?

MR. HYLDEN: In Costa Rica at this point --

THE WITNESS: I don't remember. It may have been the first time when I was in Costa Rica. I may have heard about it before.

BY MS. NAUGHTON:

Q I asked from whom.

A I can't remember who it was before and when I was in Costa Rica, I believe that it was from Tomas Castillo.

Q What if anything did Mr. Castillo tell you about the investigation?

A I am going to throw something in here -- can we go off the record for a second?

[Discussion off the record.]

THE WITNESS: I will state that I have read Mr. Castillo's testimony and he says that he never talked to me about it. There obviously is a difference of opinion.

MR. LEON: Difference of opinion or recollection?

THE WITNESS: Difference of recollection. As I testified, I remember to the best of my recollection that he

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was the one who talked to me about it.

MS. NAUGHTON: Do you recall preparing a memo to Colonel North mentioning this?

THE WITNESS: I had mentioned that I did prepare a memo that you have a copy of.

BY MS. NAUGHTON:

Q Was that based on information received from Mr. Castillo?

A To the best of my recollection, also from conversations with John Hull, and I can't remember, but I may have had conversations with the ambassador about it.

Q What did the ambassador tell you about it, Ambassador Tambs?

A I would have to read over my testimony to see what I said. It has been a long time since then. I will try to recollect it as best I can.

If I remember correctly, we did talk about it, and my recollection is that I think we did. He just said that they were in here and they were asking questions about the whole thing.

I can't remember whether at the time Castillo was in that meeting or not, but I believe someone talked about that the FBI had a chart, it had Ollie North's name at the top and my name and then John Hull's name and then it had a number of Nicaraguans' names. It said they were doing an investigation, a broad-based, broad-sweeping investigation about the Southern Front.

Q Was it your understanding that this chart was a chart of possible targets of the investigation?

A It was never discussed as to targets.

Q When Ambassador Tambs told you about the chart, what did he tell you?

A I remember the ambassador obviously talked to me about it because he said why don't I get [redacted] and one of the -- I think it was a representative of the U.S. Attorney's Office -- said what is that, being that they were not necessarily familiar with how an embassy worked.

So I -- as we talked, I remember his expression, I remember that. I must have talked to Ambassador Tambs about it.

Q Aside from sending the memo to Colonel North, did you actually discuss this investigation with Colonel North?

A Other than -- I probably discussed the memo after I gave it to him. Among other things, I said that if I was approached by the FBI, I would not talk. I think I said it may be time for me to be bowing out at some point.

Q Did you actually tell him that either face to face or in telephonic conversation?

A I can't remember. We usually talked about the memos and I probably would have gone over briefly what I wrote.

Q Did Colonel North indicate he would follow up and try to monitor the investigation?

A No.

Q Did he tell you what became of the investigation?

A No.

Q After that visit by the Assistant U.S. Attorney and FBI agents in early April of 1986, did you hear anything more about the investigation from any source?

A You mean until today?

MR. HYLDEN: Other than in the newspaper?

MS. NAUGHTON: Up until November 1986.

MR. HYLDEN: Excluding newspapers?

BY MS. NAUGHTON:

Q Excluding public media.

A Not to the best of my recollection. I don't think that I talked with North again about it. I don't think -- I want to emphasize "think" because I can't remember. I don't think so. I may have talked with some of the other people who were potentially involved. I knew that it was involving the one flight out of Fort Lauderdale that I have testified to, but nothing jumps to my mind.

Q Do you know how many trips the Assistant U.S. Attorney and the FBI agents took to Costa Rica?

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A I have no idea.

Q Are you just aware of the one?

A There may have been another. In the back of my mind, maybe I think there is another, but I don't remember specifically.

Q Did you ever meet either with the Assistant U.S. Attorney or either of the FBI agents who were accompanying the Assistant U.S. Attorney?

A I was never introduced and to the best of my recollection never met them.

Q Did you discuss the investigation with Mr. Hull?

A I think that yes, we probably talked about it.

Q What did he tell you about the investigation?

A He just said that he was approached and -- as a matter of fact, he and I were coming back to the States together, I think, and there was some thought that we may end up bumping into each other or be on the same plane -- he was going to come back. I didn't want to run into him.

Q Did Mr. Hull tell you whether or not he had agreed to be interviewed by the FBI agents?

A I can't remember. I know that they called him up to talk to him and at some point he said I think he had agreed, and I think I probably may have said, "John, you don't have to talk to them if you don't want to." I said, "You have to make up your own mind." I know he also called someone at the

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embassy. I said, "I imagine if you talk to them, you better have a lawyer."

Q Do you know with whom he spoke at the embassy?

A I believe someone in the counsel's office.

Q Was it Mr. Petulla?

A That would probably be the person.

Q Do you know whether or not Mr. Hull spoke to Colonel North during that time period?

A Not that I know of.

Q Do you know whether he spoke to anyone at the NSC staff during that period?

A I would doubt it. He didn't know anyone other than North and to the best of my recollection, I think he has only met North three times.

I can't see John Hull calling up Ollie North on the phone and talking to him.

Q Do you know how many times Mr. Hull met with Ambassador Tambs?

A I don't believe he ever met him.

Q Ever?

A That is right.

Q Did you ever discuss it with Mr. Hull?

A He wrote a letter to Ambassador Tambs when he first arrived and eventually got a letter saying, "John, I would love to meet you, but it probably is not a good idea."

Q Did the ambassador explain why?

A John was a hot property. He is known, well known in Costa Rica and it had obviously come out that he may have been a CIA asset, people said that he was a CIA agent, so they thought it inappropriate.

MR. LEON: You mean controversial?

THE WITNESS: Yes; controversial. Thank you.

BY MS. NAUGHTON:

Q Did Colonel North ever discuss with you Executive Assistant Director of the FBI Buck Revell?

A No. I certainly knew that he knew him.

Q How did you know that?

A It may have come up in a conversation or at one time it may have been that -- there was a discussion about his working group that would meet there. I think on one occasion we talked about terrorism, talked about the working group that would meet on terrorism and Buck Revell was part of that group.

Q Did Colonel North tell you he received information from Mr. Revell involving ongoing criminal investigations?

A Not that I know of.

Q Were you aware of any FBI information regarding a possible assassination plot by Mr. Terrell against Ambassador Tambs or the President?

A I did hear about that. That was through Glenn

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Robinette. I know that Glenn had conversations with the FBI about it.

Q Would that have been some time in the spring or summer of 1986?

A That sounds right. I don't remember.

Q What did Mr. Robinette tell you about that?

A He had been talking with Mr. Terrell regarding -- a lot of it was regarding the -- let me back up. He was trying to gain Mr. Terrell's confidence. He had several conversations and meetings with Mr. Terrell, and at one point he said he had found out some information, I think he had gone down and talked with Ollie and Ollie had put him in touch with the FBI, but conversations with Terrell or something along those lines.

Q Did Mr. Robinette tell you he had met with the FBI?

A Yes.

Q What did he tell you about that?

A That he had had conversations with Jack Terrell.

Q Did he mention working with the FBI in investigating Mr. Terrell's activities?

A He was very worried about working with the FBI. He was concerned that someone would turn around and say that Ollie had his own plumbers unit and he wanted to be sure that everything was documented that he was not working for North.

I think that on one occasion the FBI was going to follow him to a meeting with Terrell.

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Q Do you know what came of that cooperation between Mr. Robinette and the FBI?

A I don't think it lasted very long.

Q Do you know why not?

A No.

Q When did you first meet Mr. Robinette?

A The summer of 1986.

Q Were you introduced by Colonel North?

A No.

Q How did you meet him?

A I think it may have been through Secord. I am not sure. I don't think anyone was there at our initial meeting, that either I was asked to call him or he called me or something like that. And I think I remember eventually asking Ollie about Mr. Robinette, and he said, "Don't worry. He is a good guy."

Most of my dealings with Mr. Robinette were with regard to the lawsuit.

Q Were you aware of Mr. Robinette's involvement in erecting the security fence for Colonel North?

A At some point I became aware of that, yes.

Q What did you become aware of?

A I knew that he was trying to help Ollie and Ollie's wife. Basically he was spending more time with Ollie's wife trying to reassure her. There was concern about a possible

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attack on the family, and that was basically it.

Q Did you learn this from Mr. Robinette or from Colonel North or from another source?

A No, it was basically from Mr. Robinette. I don't think I ever got into specifics with Colonel North about Mr. Robinette other than asking him whether he was someone that I could trust and deal with, and he said yes.

There may have been occasions where we talked about him, but in generalities.

Q Did Mr. Robinette tell you who was paying for the fence?

A No, I don't think so, unless he said Secord was, but I don't remember.

Q If we can go back to the Miami Neutrality Act investigation in the spring of 1986, when you wrote the memo to Colonel North, I believe it was April 7th, describing the visit of the Assistant U.S. Attorney and the FBI agents, what was your purpose in writing to Colonel North about that event?

A To keep him informed.

Q Why did you think he should be informed of the investigation?

A When his name was brought up linking my name and saying that -- I think at that point they may have been saying that I was the one taking $10,000 a month from Colonel North

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down to John Hull, that was not true and that was something he should be aware of.

Q Did he indicate to you that any steps would be taken by anyone to see that the investigation did not go any further?

A None whatsoever.

Q Did anyone at the U.S. Embassy in Costa Rica mention that fact?

A None whatsoever.

MR. LEON: Would that have been consistent with his personality as you knew it?

THE WITNESS: Yes.

MR. HYLDEN: Would what have been consistent?

THE WITNESS: His not saying that something was going to be done.

MR. LEON: In other words, from your experience in dealing with Colonel North, did you have reason to think that he would try to interfere with a government investigation into a matter?

THE WITNESS: No.

BY MS. NAUGHTON:

Q What if anything do you know about Colonel North's calls to Customs and the FBI after the Hasenfus plane went down?

A I don't think I know anything about calls he made.

I didn't have a lot of contact with Ollie at that time, and -- I am trying to think. Certainly not with the FBI and I don't know whether he may have come up with a conversation with Customs or not.

Q Do you know anything about a DC-6 that was supposedly loaded with narcotics bound from the United States for Central America and its being seized by Customs or the DEA?

MR. HYLDEN: Do you have a date?

BY MS. NAUGHTON:

Q 1985.

A No.

Q Do you know of any drug-related cases in which either yourself or Colonel North cooperated with either the DEA or Customs?

A At one time he and I had lunch and he talked about a bust that took place that he was involved in. It may have been the [redacted] -- he was involved in some capacity with that regarding the Sandinistas and [redacted]'s involvement with them and there may have been another one.

Q What did Colonel North tell you about his involvement?

A I don't know whether he said what his involvement was, he just talked about the case.

Q What did he tell you about the case?

A All I can remember is that there was a van, the stuff came in, if I remember correctly there was a house trailer or van being driven that had a flat tire. There was a screwup somewhere along the line so they ended up making the bust before they had planned on doing it.

I forget what his involvement was and it is all very faded, but there was a conversation like that.

Q Did he mention any photographs being taken as the van was being loaded?

A He may have. I don't remember.

Q Did you ever see any such photographs?

A No.

Q I want to ask about [redacted] When did you first learn about [redacted]

A Was it [redacted]upposedly involved in the potential coup attempt and is he [redacted]?

Q [redacted] yes.

A I think I first learned about it from Chris Arcos.

Q Who is?

A Presently he is at the White House in Public Liaison for Central America. At the time he was at NHAO as Deputy Director.

Q What did he tell you about [redacted]?

A He just talked about the present investigation and that it was going on in Miami regarding the coup attempt or an assassination -- I really was never sure about it. I also heard about it from other people.

Q From whom?

A Colonel Nester Peno and at one point Ollie and I may have had a passing conversation about it.

Q What did Colonel North tell you about [redacted] [redacted]?

A I think his comments were something to the effect that he was an old man who was getting used and he felt that he was set up or he was -- he was sort of a pawn.

Q A pawn of whose? Who was controlling him?

A He didn't really say. I don't remember.

Q Did Colonel North ever tell you what it was that [redacted] did to assist the United States cause [redacted]?

A No. He didn't -- not that I remember.

Q Did Colonel North ever mention to you wanting to go to bat for [redacted] after he had been convicted of plotting the assassination?

A He may have. I don't remember. I mean I think he felt that it was an injustice that he was convicted, he felt it was wrong that he was convicted.

Q Did Colonel North express a concern that [redacted] [redacted] had been set up by someone?

A If I remember correctly, and I don't know whether this comes from Colonel North, [redacted] was in one or two meetings and all [redacted] said was huh, huh, huh. He didn'

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have a lot to say in the meeting. But he felt -- especially when [redacted] had written a letter asking that [redacted] be granted a -- I don't know whether he was pardoned or whatever.

Q Did you see the letter?

A No.

Q Did Colonel North tell you about it?

A I don't think it was he who told me about it. I think it was someone else.

Q Do you recall who?

A I may have read about it in the papers or it may have been Arcos or Peno.

Q Do you know what was done to respond to the [redacted]?

A I think there was a screwup and the letter was misplaced and never got where it was supposed to go.

Q Do you know whether Colonel North took any steps after [redacted] was convicted to get him any sort of leniency

A I don't know. I don't know whether the letter came before or after.

Q Had you ever met with [redacted]

A No.

Q Did you ever communicate with him in any way?

A No.

Q Do you know what he is doing now?

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A No.

Q One other area. There is a man who went by the name of Al Masoudi whose real name was Zadeh who claimed to be a Saudi prince who was going to donate money to the contras.

Did you ever meet this person?

A No. The only thing I know about him is what I heard in testimony or what I heard during the hearings.

Q Were you aware that Colonel North was working with two DEA agents named [redacted] and [redacted] to try to locate the hostages?

A No.

Q You never met either gentleman?

A No.

MS. NAUGHTON: Those are all the questions I have.

MR. BERMINGHAM: I want to cover two areas. One involves the involvement of anti-Castro Cubans in Costa Rica, Rene Corbo.

BY MR. BERMINGHAM:

Q Did you ever have contact with Rene Corbo?

A I never met him.

Q Did you hear from Hull or Castillo anything about this Cuban group?

A Yes.

Q Could you tell us what you found out about them?

A There was a concern that Renee Cor~~b~~vo was a maverick He had become very close to [redacted] There was some concern that he was involved in narcotics trafficking.

There was a move to get him disassociated from [redacted] He also was involved in bringing a couple of flights -- this is in 1985 -- bring a couple of flights from [redacted] that was the infamous plane that Hull and I and two others flew up and met and they were landing on the wrong airfield.

He was involved in raising -- I think he raised some money in Miami to help with the Southern Front.

Q Did he have a group of men [redacted]

A He had some Nicaraguans and there may have been one or two Cubans with him. He had a camp.

Q Was he supported by John Hull?

A I don't think so. I think John certainly knew about him, but felt among others that he was trouble.

Q Was this a C-47?

A No. This is the Islander. I believe it was an Islander that came in.

Q Do you know if he was in contact with the CIA [redacted]

A Tomas Castillo was very concerned about Cor~~b~~vo as well. He was never to my knowledge involved with Castillo. We were trying to find ways to get [redacted] to get rid o him, send him back to Miami.

Q What was the attitude of Colonel North with regard to this Cuban group or any group that was -- I assume it was not under his control, he had no control over this Cuban group, right?

A North?

Q Yes.

A He had no control over any group that I know of. I occasionally mentioned Rene[illegible] in the memos. It plainly mentioned that he was someone that probably -- that should be thrown out [redacted] that it was bad for the whole operation.

Q That was your opinion?

A That was the opinion of others as well.

Q What was North's attitude?

A He had other things to worry about. It probably went in one ear and out the other.

Q Did he take any interest that this man was allegedly involved in drug trafficking?

A Anytime that I brought up drug trafficking, I think he showed a concern of some type, and oftentimes he would take notes. What happened after that, I don't really know.

Q He never indicated that he reported this information to DEA?

A I just assume that he did. I think at one time he did say that he talked to his friend at DEA. Drugs was a concern because of what we talked about earlier with Hull, because of the poor reflection it would have on the resistance.

My notes or my memos to him talked about narcotics and he was concerned about it, again because of the image problem and because it did damage.

Q In your contacts with John Hull and with contra leaders, including Calero, what was their attitude about these stories about drug trafficking?

A When I talked to Calero about it, he was concerned. He thought it was bad for the image, bad for the program. Hull was constantly being targetted, certainly in the Honey and Avirgan suit that he was involved in narcotics trafficking and Rene Corbo and others were involved.

As I stated earlier in the four years that I have known John Hull, I would find it hard to believe that he was or is involved in narcotics.

Q Did you meet with Eden Pastora?

A On four or five occasions.

Q Did you know Carol Prado?

A Yes. In one of my memos, I said I was concerned that he was involved in drug trafficking out of Panama.

Q Marcos Aguado?

A He was Pastora's pilot. There was concern about him.

Q After [redacted] April 1984, what happened to Pastora's planes and equipment?

A A couple of them ended up going [illegible] eventually to the FDN. He had one or two -- I think there was one that crashed on the Pacific Coast, another was flown into a mountain taking off [redacted] with one of his former pilots.

Q Do you know of any support that Pastora and his group was receiving from the United States Government via CIA or North or Hull [redacted]

A No. There was a conscientious decision not to support Eden Pastora.

Q Have you heard of Gerardo Duran?

A I think he may have been involved in narcotics trafficking, but I don't know where that comes from. I may be slandering the man.

Q What about [redacted]

A I have heard the name. And I right now can't remember in what context.

Q He is a Cuban-American from Miami -- does that refresh your recollection?

A I don't know whether it was [redacted] -- there is another name, and I don't know whether it is the same that was involved in the Cuban movement against Castro and also spent some time [redacted] but I don't know whether it is the same man. I can't remember right now.

Q What about Carlos Coronel?

A He is a Nicaraguan who was a Sandinista. He came over to work with Pastora at one time and he recently went back to Nicaragua. [redacted]

Q Was he utilized by North's network?

A Not at all.

Q He received no funds as far as you know?

A None.

Q Are you familiar with the brothers Octaviano Cesar -- Octaviano Cesar and Alfredo Cesar?

A Yes. I first met them in 1984. I have had no meetings with them since then, but I certainly know who they are and what they do.

Q Was Octaviano Cesar a member of any contra

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organization?

A In 1983 he was working with a group called Riscate, which basically meant rescue the revolution, and then he worked with his brother Alfredo with BOS.

Q Would you call Octaviano Cesar a contra leader?

A No.

Q What about his brother Alfredo? What was his background?

A Yes, he was a Sandinista. He left in 1982. He was a well-educated man, head of the Sandinista Nicaraguan Bank, and now is one of the directors of the Nicaraguan resistance.

Q What contra organization was he with?

A He started his own called BOS.

Q When would that have been?

A Sometime in 1984, I think.

Q Was he ever supported by North funds or Calero funds?

A Not that I know of, no. He was supported, I believe by the Socialists International.

Q Do you know of any drug allegations concerning either of these --

A I have heard the allegation of Octaviano Cesar, I think it was 60 Minutes or 20/20 -- no, West 57th Street, my favorite show, did one of those.

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~~SECRET~~

Q Did you see the show?

A I think so.

Q The allegation was there that he funneled funds from drug dealers?

A Right.

Q Do you know if North was aware of these allegations?

A Not that I am aware of.

Q You never discussed it with him?

A No.

Q Did you discuss it with DEA, any DEA agents or CIA officials?

A No. I didn't really know about Octaviano until West 57th Street.

Q In any case, the allegation would have been after the CIA investigation?

A As far as I know.

Q Do you know of any information linking Alfredo Cesar with drug trafficking?

A No.

Q Is he an independently wealthy man?

A I don't know. I think he had some money. I imagine now he is getting assistance.

Q Are you familiar with the name Humberto Quinones?

A No.

MR. BERMINGHAM: That is all I have.

MR. LEON: Mr. Owen, I want to ask just two questions.

BY MR. LEON:

Q This letter that you have in front of you, a copy of that you have previously provided us --

A Yes.

Q Was it your impression that these were allegations that Hull had heard about and that he was bringing them to your attention --

A Yes.

Q -- in the hope that you might be able to have them checked out?

A Yes, exactly.

Q So as to the accuracy of what is stated in this letter, there were questions in your mind, in Hull's mind, and other minds as to whether any of it was accurate at all?

A Yes. There was the thought that he may be another crazy.

Q That who might be?

A Kelso.

Q You didn't have the time, correct me if I am wrong, to conduct an investigation yourself into all these allegations?

A Right.

Q Nor did you?

A Right. I mean there were major concerns that regarded the lawsuit.

Q And to the extent that you discussed it with Colonel North, you were bringing it to his attention for his information in the event that it might have some concerns with things that he was working on as a staff member at the NSC?

A Certainly, and obviously if the DEA was involved as the allegations were that it was wrong and that it should be investigated.

Q From your experience in dealing with Colonel North did he in fact ever tolerate any activity on the part of any U.S. Government officials in narcotics running in Central America?

A None whatsoever. Would he have tolerated it from what you can tell?

A No.

Q Would he have tolerated any similar type conduct by leaders of contras or members if he became aware of it?

A None whatsoever. He would not have condoned it, accepted it or approved it.

MR. LEON: Thank you very much. Unless you have something you want to offer in conclusion, I have no further questions.

MR. HYLDEN: No, it has been a pleasure to be here.

(Whereupon, at 12:40 p.m. the deposition concluded.)

Rodino Ext.

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Footnote 9/8/86

R.O. Please pass the other documents on to Rick Messick + Mr Rudman (Senate Office) + the US attorney in Miami - Page 1 to 8 is just for your info - August.9/8/86.

Declassified/Released on [illegible] under provisions of E.O. 12356 by B. Reger, National Security Council

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A gringo age about 28 to 30,blue eyes heavy build,6 ft tall arrived at muelle being driven by Edgardo Alpizar.A dentist that lives on the ather side of the river from John Hull .

The dentist being well known to the guards was permitted to the main house .

The dentist Alpizar said the man had been brought to his house in a [redacted] auto [redacted]

With an ongoing fight with the U.S.A liberal leftist press,2000 cows 100.000 citrus trees,two teen age children and three dogs to warry about I was not wild with joy that these people brought me one more headache.

I did agree to feed the boy,put him under armed guard,listen to his story.In retrospect this was not one of my most brillant decissions-the story goes as follows.Name of gringo on passport was Richard Willians.Hawever he said the pasaport was false,his real name is Joseph Robert Kelso,Born in Minn. U.S.A. working out of Denver Colorado.

[redacted] that brought him had told him he would be safe here as I cauld not be carrupted by drug money.This shows the disadvantage of a good reputation as no one has ever offerd me any money.How do we know what my price night be ?

The Richard Williams passpoart that belonged to Joe Kelso did have a foto of the young man who ever he is,showed immigration stamps for several Eurepean and mid East Countries.The story continues as fallows.

Richard Williamg recieved a call four weeks ago in Egypt to came to Costa Rica to help one Brian Caldwell who had information that there was to be an attempt on the life of Oscar Arias president of Costa Rica,during his visit tq Colombia.This info along with sopporting tapes had been sent to Mr.Scott McDaniel. U.S.A. military Panama,Sauthcom,Alleged assasins were M.19 and ETA forces. [redacted]

Somewhere there is an F.B.I.file on [redacted] Who is being paid by [redacted]

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[redacted] are also on [redacted] payroll [redacted] has a bank acct in Argentina,Panama and Miami and some of this can be checked with Larry Ledoge (Spelling)who works for U.S.A.customs New Orleans. [redacted] of U.S.A-D.E.A has maps of coke lab locations in Costa Rica but is protecting them, one large lab located in southern Nicoya.Another in Talamanca region East Coast.Dope people have killed the son of one don Augusto,heavy investor in new Holiday inn,San Jose ,a fellow by the name of Hoppe has contract on Augusto personaly so drug people can use hotel to launder money.

Somewhere in the notes I have the name of [redacted] who is a bad ass and owns a house that the U.S.A-D.E.A.people use too live in.

By this time I am confused,I didn't remember who I was and should I be on the side of the killors or the killees.One gree:. passport showed a sad faced old man and said John Hull U.S.A. citizin.The other red showed a handsome smileing bastard and said John Hull Costa Rican.Since there was no bank acct to be found in Argentina,Panama or Miami I soon lost intrest and called the [redacted] to come and give an expert opinion. [redacted] is a wise and prudent man so he took off to seek advice from the U.S.A.Embassy people.

Not being knon for wisdom or prudence,but having just heard the U.S.A.-D.E.A.team had checked in their white hats for black ones,and remembering that my two requests from [redacted] for help had resulted in nothing being done,I decided to call the local rural guard and the local D.I.S-Dept.internal security.By now Richard William was asleep in the guest cabin beeing guarded by aur personal guards

[redacted] of the rural guards showed up with three guards.Then the local DIS with two. [redacted] made a phone call to San Jose and was told William was very dangerious and should be shot if he resisted arrest . [redacted] called for four more guards.

Now we have 8 rural guards 2 D.I.S with uzis,3 indians with 12 guage riot guns.There is a law in Costa Rica that the police can not come on private property and arrest people from 6 p.m. to 6a.m.so we decided Williams should sleep until 6a.m.

[redacted] and I had a couple of beers and went to sleep while Margarita,the maid and Sandra made coffee and sandwiches for the guards and peon onlookers.

At 3:30 AM I was awakend by a burst of machine gum fire, shouts,curses,etc,and went autside to see the gringo Williams come out with his hands up only to be struck with a rifle butt and knocked down and being kicked while down.There was a big argument going on between the DIS and a rural guard [redacted] that had come over from San Jose to take charge.

The gringo was marched to the main house in his undrewear and knocked down again.At this point Margarita joined forces with the D.I.S telling the [redacted].that violence wasn't necessary. [redacted] shouted it was better to kill him than be killed.The indian or his shouting at their "patrons".They were standing with their ears up and shotgun safety off like alabamo guard dogs that had been told to bite a black and couldnt decide which one.

Yours truly was doddering around trying to establish peaceful relations by saying there was surly some mistake,without telling everyone I was the one that made it.I could see enough shit, blood and bad press ink cemeing,to paint the house with enough left over for the corral.

Since you are in Wash.You might check these thinge out.If the D.E.A.people are in the drug buisness it should be stopped [redacted]

Anyway we are so happy the contra Aid bill went thru that we're not enclined to worry too much about [redacted] coke,or crooks today.

S.O.F called me today from Guatemala wanting to come get action shots here since the aid bill passed.

Boy do I ever get the crazies.You and [redacted] are the only sane friends I have and sometimes I worry about you.

Sincerely,

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Partially Declassified/Released on 11 FEB 88 under provisions of E.O. 12356 by K. Johnson, National Security Council

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August.17/8/86

It is a strange world in which,I live yesterday at daybreak 10 rural guards,1 capt.2 majors came to the farm protect Pres. Arias+ministery of government-minister of transpotation that were due to land at muelle 8a.m.

Soon we had two choppers and three airplanes here with brass galore.The chopper put the president in Quesada,but we had 10 cars full of Pressecurity D.I.S -press people etc,one Col. head of Costa Rica airforce anither Col.head of rural guard north zone one-lt Col.several majors and room full of captains.

The maid was off for mothers day so Sandra,Johnny and Margarita spent all day mekeing sandwiches,coffee,etc.This was very good for Margaritas indegestion,when she awoke and saw all the hungry people she shit.

At first the press people got me to one side and said they would not print that they were on the farm,the wanted to protect me,from what,they didn't say.

[redacted]

The helicopter arrived with anotheer [redacted] when the [redacted]

FAN CUB — Since I didn't realize I had any, I would like to start a Sum. ~~Washington chapter please send~~ $5000 and can be president.

IF YOU WANT TO START A WASHINGTON CHAPTER PLEASE SEND $5000 AND YOU CAN BE PRESIDENT

PS - ALVARO HAS FOUR COMPUTERS SOLD — TELL BLONDIE — WHAT DOES ALVARO DO NOW —

AUG 19 -

TODAY SOME LOCALS THAT SHOULD KNOW TOLD ME.

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My Friend:

[redacted]

This brief letter is being delivered via a trusted courier who has no knowledge of the contents but who can help carry out some of what this letter is about. He should not be made aware of the specific details in this letter.

[redacted]

And now the best news of all:

Next week, a sum in access of $20M will be deposited in the usual account. While this must be husbanded carefully, it should allow us to bridge the gap between now and when the vote is taken and the funds are turned on again.

[redacted]

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BKD. #31
12-[illegible]
NSC

So that we have a plan, I propose the following steps as highest priority:

The forces in the northern part of Nicaragua need to be dispersed so that they are not caught in the firestorm as the Sandinistas intend. [redacted] If the high ground can be be guarded, then those who harbor in those areas will be safe. [redacted]

Meanwhile, the forces and volunteers who have arrived [redacted] can be outfitted, provided with some training, and [redacted] If a regular resupply program can be established using what will be deposited next week, we can start a regular logistics program of one flight every 10-15 days and the steady movement of supplies and ammunition to the forward bases.

Most important is saving the force from what I believe will be a serious effort to destroy it in the next few weeks. While I know it hurts to hide, now is the time to do it. While they are hiding, the man who is carrying this message can start the regular resupply process. I believe it would be wise to dedicate as much as $9-10M for nothing but logistics. To coordinate a major effort such as this, I strongly urge that you bring aboard a logistics expert who is both knowledgeable and trusty. The courier should be able to help with this.

[redacted] Once the regular resupply system is in place and the troops familiar with a rotation system [redacted] hitting them hard as they phase down in frustration from their current operations and striking at selected strategic targets with your enhanced capability.

This new money will provide great flexibility we have not enjoyed to date. I would urge you to make use of some of it for my British friend and his services for special operations. I can produce him at the end of this month. [redacted]

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[redacted] You and I both recognize his value and limitations. Some in our Congress are aware [redacted] This could be devestating to our forthcoming campaign to restore the funding. I will find out how much he is getting and let you know, but it seems as though something should be set aside for this purpose.

[redacted]

Request you advise me soonest regarding the deposit and destroy this letter after reading. The map can be passed [redacted] with my best wishes. Please do not in any way make anyone aware of the deposit. Too much is becoming known by too many people. We need to make sure that this new financing does not become known. The Congress must believe that there continues to be an urgent need for funding.

Warm regards,
Steelhammer

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TO: The Hammer April 1, 1985

FROM: T.C.

SUBJECT: Southern Front

The following paper discusses a series of meetings the author has had over the last several weeks concerning the future of the Southern Front. These meetings took place in the South and in Washington. The most recent ones were held on Friday and Saturday, March 29 and 30 in Washington.

Project for Reconstruction

The Project was conceived by seven people. They are:

[redacted]

Partially Declassified/Released on 24Feb88
under provisions of E.O. 12356
by K. Johnson, National Security Council

The meeting was originally proposed and setup by [redacted]

About four months ago some six of the seven came to Washington, at the urging of Nat Henry, to meet with Senator Helms. They gave the Senator the attached paper and discussed their idea but they never heard another thing from the Senator or his staff. Out of desperation they came one more time hoping to meet with the Hammer.

I had met [redacted] during the summer of 1983 when I visited [redacted]. He recognized me and was glad the meeting was with someone he knew. All three realized the reasons for the meeting with me instead of with the powers that be.

The concerns of these people and who they represent are valid. They include:

- Lack of leadership in the South
- An alternative to Pastora
- Lack of coordination between several small groups now operating
- The need for a new organization to mount operations

In essence, these people are offering their services to structure and organize a new southern front.

They say they represent [redacted] which now consists of some 43 men under the command of [redacted] and another camp which is under the command of the Cubans and Calero's people. This last camp is actually under the day to day command of a Nicaraguan named [redacted] but overall is under the wing of [redacted]

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Southern Front
April 1, 1985
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Before coming to Washington, they said they had met with [redacted] and had talked with the Cubans in Miami who are working the other camp. The former is true, but they did not come representing the Cubans or the other camp.

[redacted]

They believe the time is right to begin establishing a new structure. There are many people who are financially on their last legs and if this does not come through they will have to abandon the fight, so they are in hopes something will work out.

Obviously, they hoped for an answer in the near future. I put them off and said I or someone will get back to them in the next two to three weeks.

They believe they are capable, have the leadership and the knowledge necessary to undertake this effort. Although they will operate in the south, they will stay away from Pastora and not infringe on his territory. They will work closer to the Pacific. It was stressed they would work in concert with the North.

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Southern Front
April 1, 1985
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One last comment that they made and has been made by others: some of Pastora's field commanders are ready to join any side which will provide them with food and medicines. They have not been resupplied in at least 8 months. In fact, several of his commanders want to leave and actually aren't controlled by Pastora, he just talks with them over the radio. These include according to [redacted]

Others who will leave include [redacted] who between them have [redacted] men supposedly.

UPDATE APRIL 9, 1985

Sparkplug has decided to go with [redacted] as the military commander of the South. There will be a political/military council which will have supervisory capacity over [redacted] This will be made up of: [redacted]

[redacted] has broken down the camp that was under him [redacted] and thus spread the men around. He is waiting for equipment to start coming in from [redacted] Moral is good and the men will start working in small teams.

The concern about [redacted] is that he drinks a fair amount and may surround himself with people who are in the war not only to fight, but to make money. People who are questionable because of past indiscretions include: [redacted]

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These are just some of the people Sparkplug and others should be wary about.

Whatever structure is established for the South, tight control must be kept on the money and resources. In the past it has been too easy to sell goods and too many people have learned how to make a good living off of the war. Money and equipment must be accounted for and when there are differences, examples should be made.

CMA

Posey has an individual willing to outright donate between 70,000 and 80,000 lbs. of medical supplies to the effort. It is a wide assortment of goods and someone will have to look at it to see what is good and what isn't. It is now located in South Carolina.

The material can be shipped as far as Alabama by the individual who is going to donate it, but it has got to get from Alabama to New Orleans.

Flako is back in business. He has established himself in New Orleans and is working on some new scams. He is staying at the Providence Hotel. It is time someone paid him a visit and told him to go back to the hole he comes from.

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ANALYSIS, CONCLUSIONS, AND RECOMMENDATIONS FROM THE MILITARY COMMISSION REGARDING THE PROJECT FOR THE RECONSTRUCTION OF THE SOUTHERN FRONT

I. INTRODUCTION
II. GENERAL SITUATION OF FORCES INVOLVED
III. CONCLUSIONS
IV. RECOMMENDATIONS
V. FINAL

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I. INTRODUCTION

With the utmost conviction, we consider that the conception of the military struggle in Nicaragua must be covered by two big projects: THE NORTHERN PROJECT AND THE SOUTHERN PROJECT.

However, the strategy to carry out these two big projects complementarily, has had great obstacles. It is a reality that for the public opinion both projects are antagonic. We are facing today the worst moment; even the Southern Front lacks profound contradictions that polarize it among them and they strange it from the desired equilibrium with the Northern Front to reach a complete coordination that is indispensable to carry out a truly articulate struggle in Nicaragua that will permit us to comply with the first phase of directed coordination, indispensable step so that together with the military triumph it may germinate THE STABILITY OF THE FUTURE POWER.

Due to diverse reasons, the Northern Front has managed the consolidation of a structure that allows at a medium term to comply with the purpose of its design. It has the professionalization and the discipline necessary to start to play its role as NORTHERN PROJECT and is ready to comply with it as compensation for the SOUTHERN one.

The SOUTHERN FRONT, in the present circumstances, has not been able to even comply with the local design of military struggle and it could even less be in conditions of being a factor of complementary balance for the NORTHERN FRONT, in order for it to be the adequate counterweight, the so necessary power equilibrium for the stability of the future triumph.

This situation places us before the URGENT NECESSITY of putting order in the SOUTH in order to immediately start to comply with the local task of struggling. We must adequately structure it to develop the role corresponding to it as necessary balance with regards to the NORTHERN FRONT.

We have to reach a scenery in which the NORTHERN and SOUTHERN projects become complementary to each other and we can thus comply with the first stage of strategic design that we consider as the most feasible both militarily and politically.

We consider that location conditions, as well as the persons basically forming the NORTHERN project, even though politically and programatically they are still far from perfect, have been effective strategically, with their permission of constitution with the characteristics programmed in order to comply with its role as part of a more complex whole. Thus, we are not going to take care of the NORTH right now since we consider that we have time to make certain changes and improvements while obtaining its complementation with the SOUTH.

The intent of an irregular operation having characteristics of heterodox struggle and design, prevented because of its audacity and little tangibility, adequate following of the SOUTHERN operation which is out of the control of the most acute analysts. Due to the lack of certain behavior and computable situations pattern, we were obliged to deposit all our efforts in luck or in the best case to trust. In this situation, almost experimental, obviously everything overflowed its trench, and what we have managed are disorganized pieces of a puzzle that new hands must organize taking advantage of the experience accumulated. The pieces are there. Nothing is new. We only have to follow the indications of the experience accumulated on operation and persons.

The location conditions of the SOUTHERN project are much more complex and out of control that may permit an operation coherently directed, but with more emphasis, due to the characteristics of the main leaders. The legitimacy and trajectory of these leaders allowed them in time such an independence that even the forming of such a heterodoxous operation resulted in the project itself taking a course of ups and downs and incoherences that obliged even its programmers to make certain stops to review the convenience of the operation.

The degree of crisis, especially with its main leader, led to an almost complete break between the main leaders and the programmers.

It seems that the programmers arrived at the definite conclusion that the risks to which the global operation was being submitted were so immense, that it was preferable to dispense with the project's "indispensability", rather than to continue risking time running against the clock. Such a decision was hard not only for the main leader, but it also debilitated greatly the secondary actors, the entire SOUTH, and even the global project.

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Having to face this type of situation, left people armed and dispersed in the mountains, without any resources, with resentments because they felt abandoned by their allies, with empty stomachs, and what is more serious, without having clear in their minds WHO their enemy really is. Conditions allowed, unfortunately, that secondary actors were presented as responsible for such a tragedy and without authority nor resources to face it. Even so, there were people who faced it, and these are the ones who today are proposing restructuring and regeneration of the SOUTHERN front.

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II. GENERAL SITUATION OF FORCES INVOLVED

A. F.S.L.N. ARMED FORCES

The organizations comprising the Armed Forces of the "Frente Sandinista de Liberación Nacional" have developed under the direction of consultants from various communist countries, but it has been Cuban militaries and technicians the ones who have assumed the preparation and indoctrination of the combatants, as well as carried out the war's strategy.

The important organizations and units are as follows:

- The Internationalists
- The E.P.S. (Ejercito Popular Sandinista - Popular Sandinist Army)
- The Popular Milities
- The Forces of the Ministry of the Interior:
  - State Security
  - Urbane Sandinist Police
- Frontier Guard Police
- Patriotic Military Service, and
- Units supporting combat that deserve special consideration:
  - Air Force
  - Armored Force
  - Artillery
  - Coast Guard

- APPROXIMATE NUMBER OF EFFECTIVES:
  ONE HUNDRED TWENTY THOUSAND MEN

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B. FRIENDLY FORCES: THE F.D.N. (NORTHERN FRONT)

Constituted at the end of 1981, it developed during the first two years a sporadic frontier war with no significant accomplishments. In 1984, it started a deep and on stant vexation campaign against Nicaragua's Northern Departments, thus obliging the F.S.L.N. to engage great quantities of human and logistic resources.

Even if it has been this organization the one that has carried the war's continuity and weight, it has not been able to politically capitalize the efforts of its combatants, due to the negative shadow that has been projected over its bodies of greater hierarchy for some reason or another.

APPROXIMATE NUMBER OF COMBATANTS:
FROM EIGHT TO TEN THOUSAND MEN.

THE SOUTHERN FRONT:

Formed in April 1982, this group awakened at the beginning a series of expectations and hopes, because of the prestige of its leaders and intermediate bodies, which are mostly ex-combatants against the Somoza regime and old Sandinists with a clear democratic orientation.

The mesianic character of its most relevant le-der Commander Eden

Pastora Gomez, its personalist conception of the military strategy, of its policies and administration, added to the permanent negative of accepting all types of proposals for coordination with the Northern Front, incited the gradual desertion of its most capable collaborators, and it ended up dividing the Southern Front's original project.

Once this crisis was incited within the original ARDE, Commander Pastora continued commiting errors continuously in the carrying out of his own project, errors which led him to completely lose the support of the international community and to reduce almost to extinction his men's fighting capacity.

At the present time, there are between four and five thousand men who are suffering all sorts of penuries, scarcities, and calamities in the Southern Zelaya area, and are exposed to a fruitless sacrifice as a result of any offensive operations on the part of the F.S.L.N..

III. CONCLUSIONS

A. The evolution of NICARAGUA's case, political events and the not too clear attitude of the North American Government in the conversations of Manzanillo, lead us to conclude that at the present time there are two possible solutions in our allies' computers:

1. NEGOTIATION, with the Sandinist Front through the "Terceristas" presently in power, which in our opinion would only secure the communist and totalitary dictatorship, since the real "Terceristas", with clear, democratic ideals are living in exile since they were betrayed just like all nicaraguans who fought against Somoza's family dictatorship.

2. RADICAL ELIMINATION OF THE SANDINIST FRONT through a military operation which would have F.D.N. as the spear's edge and which would count with the support of the Central American countries that are being directly threatened by the intrinsic expansionism of Nicaragua's Marxist-Lenninist Revolution.

This operation, which would need approval from the Organization of American States and of the Western World's International Social-Democratic, Christian-Democratic, and Liberal organizations, would also need internal supports that could make more tolerable a consolidation period that would virtually rest in a military intervention. We are glimpsing to perform this role the F.D.N.'s sectors less committed with Somocism, leaders from the "histori-

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cal parallels" that still dream with old positions and the Southern Front's elements that accept the necessary conditions.

As complementary frame to the entire project, that apparently counts with the United States bipartidist approval, would be the element we call THE FUTURE'S DEMOCRATIC RESERVE, that is synthetically represented by persons of undisputable prestige, both inside and outside Nicaragua, and which will be called to participate in a third stage, as promoters for the restitution of a legitimately constituted government.

This commission considers the elimination of the SOUTHERN FRONT a mistake and esteems that the existence of a Southern Military Force is indispensable not only for a faster fall of Managua's regime, but also to guarantee the Nicaraguan people an orderly transition and without violent revenge. This guarantee will come from those men who, with a clean and fighting trayectory against both dictatorships, will provide the present combatants with a real alternative in the face of the confusion in which they are presently caught.

B. The comparative analysis of the Forces in conflict clearly reveals a substantial advantage on the part of the F.S.L.N., especially in as far as men, offensive capacity of its supporting arms and especially in the illimited logistic capacity that its allies in the Communist orbit have at their disposal.

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However, we must take into consideration that no tyranny has been able to subdue with bayonets the people who have decided to be free and in the case of NICARAGUA, the germ of insurrection is now clearly visible.

Misery and real hunger, as the product of an incapable administration, repressions, and continuous violation of human rights have conformed a pre-insurrectional climate, that can well become a generalized uprising, IF A COMPACT EXILE intelligently directed offers a real position of change to the Nicaraguan people.

C. After three years, it has been demonstrated that Eden Pastora is not only not capable of agglutinating, but is on the contrary a "Solitary Wolf" that destroys whatever means organisation and unity.

D. After three years it has been demonstrated that the F.D.N. in the North, in spite of great legitimate sacrifice of its combatants, due to its past, does not acquire "legitimacy" before the world, which is the factor that is indispensable for the stability that Nicaragua's future requires.

E. It is then with real urgency that all elements having true prestige must "join hands" due to the investiture that their trajectory gives them, in order to be able to realize the unity, unity which at the present time is being obstaculized by the fear of the two groups rivalizing for hegemony, thus producing the opposite effect.

This can only be neutralized by a new political-military ingredient, that just like the one we are proposing, places in evidence what in our opinion constitutes maybe the last real, legitimate, and acceptable possibility: that it be us, nicaraguans, the ones to decide our future.

IV RECOMMENDATIONS

A. To maintain and technify the Southern Military Force, which should operate in total coordination with the F.D.N. in the Northern Front, and eliminate, once and for all, all projects of parallel forces in the same region.

To this effect, our allies must make a definite decision that can be summarized as follows:

Revitalize at the present moment the F.R.S. from its worst crisis, or conform a different structure with the existing political-military troops and militia professionals who have indicated their willingness to incorporate themselves to a clear and coherent project.

In our opinion, Commander Pastora's retreat from the armed struggle will not cause a power void, since it has been his presence what has maintained until today a permanent void of real leadership.

B. We consider that the Southern Military Forces' main mission should be that of creating small units with sufficient mobility and fighting capacity to lead the war towards the Pacific cities. Total number, arms required, and operative norms will be discussed once all these recommendations are approved.

V CONCLUSION

Most of the members of this Commision have struggled against F.S.L.N.'s totalitary dictatorship from the moment it betrayed the ideals and sacrifices of our Nicaraguan brothers.

We have backed combat and the positions adopted by Commander Pastora until we thought these were oriented towards Nicaragua's liberation. However, in the face of the juncture we are in of deciding between Nicaragua and Commander Pastora, we have made the decision which corresponds to sensible men with ideals of PATRIOTISM.

We clearly establish that we have not supported nor sponsored any type of rapprochement with the Sandinist Front. We have not approved, either, trips on the part of delegates to have conversations with the Sandinist Front in Nicaragua.

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Our final position in this struggle continues to be of supporting the ambitious dreams of our people of repeling dictatorships, whatever their ideology is, and before becoming masquerades for a new and more painfur version of Pig's Bay, we declare before the free countries of the world that we reserve the right of deciding on our own the future of our Country.

November 20, 1984, San Jose, Costa Rica.

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

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DEPOSITION OF RICHARD M. PENA

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Partially Declassified/Released on [illegible] 25/89
under provisions of E.O. 12356
by B. [illegible], National Security Council

Washington, D. C.

Monday, May 4, 1987

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UNITED STATES SENATE

SELECT COMMITTEE ON
SECRET MILITARY ASSISTANCE TO
IRAN AND THE NICARAGUAN OPPOSITION

DEPOSITION OF RICHARD M. PENA

Washington, D. C.
Monday, May 4, 1987

Deposition of RICHARD M. PENA, called for examination pursuant to subpoena, at the offices of the Senate Select Committee, Suite 901, Hart Senate Office Building, at 10:25 a.m. before WENDY S. COX, a Notary Public within and for the District of Columbia, when were present:

W. THOMAS McGOUGH, JR., ESQ.
Associate Special Counsel
United States Senate Select
Committee on Secret Military
Assistance to Iran and the
Nicaraguan Opposition

THOMAS FRYMAN, ESQ.
Staff Counsel
KENNETH R. BUCK, ESQ.
Assistant Minority Counsel
United States House of
Representatives Select
Committee to Investigate
Covert Arms Transactions with Iran

JOSEPH B. TOMPKINS, JR., ESQ.
Sidley & Austin
Washington, D. C. 20006
On behalf of the Deponent.

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PROCEEDINGS

MR. MC GOUGH: For the record, this is the deposition of Richard Pena, pursuant to a subpoena issued by the Senate Select Committee on the Iran-Contra matter. We are present here today jointly with the representatives of the House Select Committee. I am Tom McGough. I am the associate counsel with the Senate Select Committee. Ken Buck and Tom Fryman are with the House Select Committee. Before we put the witness under oath, Mr. Tompkins, do you have anything that you want to put on the record?

MR. TOMPKINS: Yes, just a few preliminary matters. I just want to make it clear for the record that Mr. Pena is here to cooperate with the investigation, but that by appearing here today he is not waiving any legal rights or privileges he may have with respect to this or any other investigation or legal proceeding.

The second point is, I understand we will have a chance to review the transcript of today, which we will do. We would like to have a request on the record that we receive a copy of the transcript. My understanding is that the Committee, at least the Senate Committee, has a policy at this point of not releasing the transcript. We want to have

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a request outstanding to get the transcript, should that policy change.

The third thing is, I would like for one of the counsel to state on the record the nature of the confidentiality of this deposition, and how the transcript will be protected from public disclosure.

MR. MC GOUGH: I can take care of that for the Senate Committee and perhaps defer to Tom on the House. The Senate rules provide that the transcript of this deposition and the documents submitted in accordance with the subpoenas are maintained as confidential Committee records. They are maintained in files marked "Committee sensitive." They will not be revealed outside the context of the Committee absent a majority vote of the Committee itself. Neither the transcript nor information contained in the transcript.

MR. FRYMAN: Under the House rules, the transcripts of the deposition and materials produced in response to the subpoena are treated as confidential materials, and they are not publicly available.

I would also note for the record that there has been a House subpoena also served, and the witness is appearing here today pursuant to the House subpoena as well

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as the Senate subpoena.

MR. MC GOUGH: With that in mind, Mr. Pena, I am going to ask you some questions after we put you under oath. If at any point you don't understand a question or you want some clarification, just stop me and I will try to make it as clear for you as I can.

MR. TOMPKINS: Before you do that, can I ask one other question.

MR. MC GOUGH: Sure.

MR. TOMPKINS: Am I right, when you ~~had~~ have finished your questioning, if I would like to ask Mr. Pena some questions, I will be able to do that?

MR. MC GOUGH: Yes, you may, that's fine.

MR. TOMPKINS: Thank you.

MR. MC GOUGH: Actually, I will finish my questions, Ken and Tom may have some questions. If you have anything you would like to clarify, please feel free. Would the reporter please swear the witness, please.

Whereupon,

RICHARD PENA

was called as a witness and, having first been duly sworn, was examined and testified as follows:

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EXAMINATION

BY MR. MC GOUGH:

Q Mr. Pena, I am going to show you what has been marked as Deposition Exhibit 1. I will provide a copy to you and your counsel. It's a subpoena from the Senate Select Committee requiring your appearance on May 4, 10:00 a.m., has attached to it a list of documents or a list of documents which we request that you bring.

(Pena Exhibit 1 identified.)

MR. MC GOUGH: As I understand it, I believe, Mr. Tompkins, I believe you accepted service of this subpoena for Mr. Pena. I am not sure exactly how it was served.

MR. TOMPKINS: That's correct.

MR. MC GOUGH: Let the record reflect that last week we received via Mr. Tompkins documents in compliance with this subpoena, as well as in compliance with an earlier subpoena issued to Cassidy & Associates, custodian of record, which I will have marked as Deposition Exhibit 2.

(Pena Exhibit 2 identified.)

BY MR. MC GOUGH:

Q Mr. Pena, to the best of your knowledge, have you produced to the Committee the documents responsive to this

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subpoena in accordance with the letter from Mr. Tompkins to the Committee that accompanied the documents?

A Yes.

Q Could you tell me your educational background, please.

A B.A., Pan American University.

Q I am sorry, what university?

A B.A., Pan American University, Edinburg, Texas.

Q What year was that?

A '78. Attended graduate school at American University from 1980 through 1984.

Q What did you study at American?

A I was working on a Ph.D. in international business.

Q Were you a full-time student or were you also employed?

A Part-time student.

Q Where were you employed, let's begin 1978, where were you employed --

A I was ~~on unemployment~~ not employed in '78, I worked for my family. I came to Washington in 1979, went to work for the House of Representatives, the doorkeeper's office. I went to

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work for the sergeant at arms office in March -- April of 1980, and worked for the foreign affairs Committee August of '82 through October of '85.

Q Where were you employed after October of '85?

A Cassidy & Associates.

Q What is Cassidy & Associates?

A It's a government relations consulting firm.

Q Where are its offices?

A 655 15th Street Northwest, Suite 1100, Washington, D.C.

Q What is your business telephone number?

A 347-0773, area code is 202.

Q What is your home address?

A [redacted]

Q Your date of birth?

A [redacted]

Q Your Social Security Number.

A [redacted]

Q What is your official position with Cassidy & Associates?

A I am an associate.

Q Can you give me just general description of your

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job, your work for them?

A We are a government relations consulting firm, a lobbying firm.

Q Do you specialize in any particular areas for Cassidy & Associates?

A Foreign aid, foreign policy, international trade.

Q How many associates are there at Cassidy & Associates?

A There are seven of us -- eight of us maybe -- yes.

Q Gerry Cassidy, is that the Cassidy of Cassidy & associates?

A Yes.

Q Mr. Pena, I want to direct your attention to approximately early 1986, and ask you if at or about that time you came into contact or had any contact with Richard Miller of International Business Communications?

A Yes.

Q How long have you known Mr. Miller?

A I am not certain. I met him when I worked on the Hill. Could have been sometime in 1984.

Q When you met him, was he then affiliated with

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International Business Communications?

A Yes.

Q Did there come a time when Mr. Miller -- when you began to explore the possibility of working with Mr. Miller in a government consulting role, that is a role, a lobbying role or a public relations role, when Cassidy & Associates began to explore that possibility, I should say?

A When?

Q Yes.

A It was late January or early February, 1986.

Q Can you tell me how that opportunity presented itself or how that came about?

A He called me and asked me if I would be interested in representing a group, I didn't remember if he gave me the group's name or not, who would be working for the $100 million aid to the democratic resistance forces.

Q Did you follow up on that?

A Yes.

Q Did you ultimately find out who that group was that was working on that aid package?

A Yes.

Q Who was that?

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A National Endowment for Preservation of Liberty.

Q In the course of following up on that, did you come into contact with a man by the name of Carl Channell?

A Yes.

Q Can you tell me who at Cassidy & Associates was involved in the contacts with them, National Endowment for the Preservation of Liberty?

A For the lobbying in $100 million in aid?

Q Yes, that's right.

A Myself and Gerry Cassidy.

Q What did Miller or Channell or NEPL ask you to do or propose to do?

A They asked me to assist them in securing the $100 million in aid by lobbying the Congress.

Q Did Cassidy & Associates ultimately consummate an agreement with them to assist in that regard?

A No.

Q Pardon me?

A No.

Q Why not?

A We didn't come to an agreement on what had to be done, on the terms of how we felt the contract that we would ask them to be signed with us should be fashioned.

Q Can you recall what the disagreement over terms was?

A I mentioned the fee was one, and who would develop the correct strategy for the ultimate $100 -- developmental strategy for the $100 million. Those two issues.

Q When did the negotiations cease?

A March, April, sometime in there.

Q Did you continue to have contact with Mr. Miller after that time?

A Yes.

Q Do you see Mr. Miller purely on a professional basis, or do you also see him on a social basis as well?

A Well, it's hard to differentiate, because I have seen him at receptions that we have been invited to. I don't know if you consider that social or not. But I dealt with him on a professional basis, mainly.

Q Did there come a time when you proposed or contacted or spoke to Mr. Miller about the possibility of one of your clients providing armaments to the democratic resistance forces in Nicaragua?

A Yes.

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Q Could you tell me how that came about?

MR. TOMPKINS: Just for clarification, the question was one of your clients, meaning a client of Mr. Pena?

MR. MC GOUGH: Granted there's an ambiguity in there. We can follow up on that. If we can identify the client, we will ask him who the client was.

MR. TOMPKINS: The problem is I am not sure it was a client. It was a firm, but he can clarify that if you give him a chance.

MR. MC GOUGH: All right, sure.

BY MR. MC GOUGH:

Q Can you tell me how that came about?

A What, what Joe just talked about or --

Q How the proposal that you made to Miller came about.

A We were at a reception for the democratic resistance forces, I think right after they had -- during the time or right after they had received the $100 million vote in the House, which is the most critical vote. It had not been appropriated -- it would have been appropriated in the CR, and in a conversation that I had with him at that

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reception, I talked to him about the possibility of having the democratic resistance forces purchase military hardware.

Q Why did you talk to Miller about that?

A I felt that what I had seen of Miller, in working with the group, he seemed to have had a very good working relationship with them.

Q With whom?

A With the democratic resistance forces.

Q Had you ever discussed with Mr. Miller, prior to that reception, where the Contras were purchasing their weapons or how they were purchasing their weapons?

A No.

Q Did you have any reason to believe that his contact with the Contras was anything more than a public relations contact?

A Not at that time.

Q Did you come to an understanding -- did you come to a different understanding at a later time?

A After I read it in the newspaper.

Q Tell me as best you can recollect how the conversation between you and Mr. Miller proceeded at that reception.

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A I had mentioned to him that $70 million of aid, military aid, would go very quickly, would be quickly consumed, if it was purchased at U.S. military rates, and that there were other suppliers who could supply the same type of equipment that was needed for much less.

Q What did he say?

A He was very interested in it. He asked me to follow up, that he wanted to talk about it. He would let me know if something could be done.

Q All right. How did you leave it at that reception? Who was to do what?

A I think he called me back and asked for a letter to be sent with names and telexes and a list of what was available.

Q Did you, in fact, send them the letter?

A Yes.

Q Between the time you first broached this with Mr. Miller at the reception, and the time you ultimately sent that letter, you have identified a telephone call from Mr. Miller. Did you have any -- to the best of your recollection, did you have any other conversations or correspondence with him regarding that deal?

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A We may have talked about it once after I sent him the letter, in conjunction with other things we were talking about. As a follow-up, that I mentioned, I asked about it. I never heard anything else from him.

Q What was your understanding of what Mr. Miller would do with the information provided to him?

A He told me that he would talk to the right people in the administration.

Q Are those his words?

A No, I am paraphrasing. He said he would discuss this issue with the people in administration who were involved, and the logistics of the military assistance program for the Contras.

Q Did he specify those people any further?

A No.

Q Did he indicate how he should be compensated for that?

A There was -- the letter I sent, there was a spread on what the manufacturers would charge for the material, and what we would earn on it.

Q You say "what we." "We" is whom?

A Myself and Richard Miller.

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Q Let me go back and clarify a point Mr. Tompkins raised earlier. In pursuing this transaction with Mr. Miller, were you acting as an employee of Cassidy & Associates or were you acting in your personal capacity?

A I would have to say that I saw a business opportunity that was related to a group of people that I had known in Chile and in Uruguay. That if I would have been helpful to them in bringing them business, it would be helpful for me in the future to do other work for them. I was working on this with the Chileans and Ur~~a~~uguayans, by myself, and what I know of them, and the personal relationship I have with both groups.

Q I guess my question is, I am trying to break down -- there would be a commission on these sales, is that fair to say?

A Sure, it was a business proposition.

Q Would the commission be payable -- would any part of that commission be payable to Cassidy & Associates, or would the commission --

A No.

Q No portion of it would have been payable?

A It would have been paid to me.

Q Was there an understanding with Mr. Miller that a part of that commission would be shared with him?

A Yes.

Q How did that understanding come about?

A He asked me for it. We discussed the possibility of supplying military hardware. He asked me who, how, if these people were credible and if there was a commission.

Q I just want the record to be clear. Was he the first person to raise the possibility of a commission to him for the sales? If you recall.

MR. TOMPKINS: That question is kind of ambiguous.

THE WITNESS: I don't understand.

MR. MC GOUGH: Let me see if I can clarify it.

MR. TOMPKINS: Restate it.

MR. MC GOUGH: Yes.

BY MR. MC GOUGH:

Q I think the implication from the series of questions before that was that Mr. Miller initiated the idea of him, Mr. Miller, receiving a commission for his activities. I just want -- I want to see if you can recollect that, I want that to be clear in the record. If not, then, it ought to be qualified.

Do you know who initiated the idea of Mr. Miller receiving commission for the services he might render?

MR. TOMPKINS: The question goes as to between Mr. Miller and Mr. Pena, who initiated the idea of a commission for Miller?

MR. MC GOUGH: Correct, that's right.

THE WITNESS: What I remember of the conversation, at the reception, was that this could be arranged with a weapons manufacturer, and from that there was, obviously there was going to be a commission involved.

Now, I think it was obvious to both of us that there was a commission, and that he would want a part of it. If that's what you are asking me.

BY MR. MC GOUGH:

Q That's pretty much what I am asking. I just want to specify whether you have a specific recollection that he initiated the idea of a commission or not.

A I can't remember if he initiated it. But I think, again, that it was something, that there was a business proposition, where profit was the motive, and that he wanted to share in the profit.

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Q Did he indicate at some time to you what corporate entity he wanted to act through in order to consummate this sale?

A Yes. He gave me a name of a group that was an offshore group.

Q Did you find that unusual?

MR. TOMPKINS: What unusual? I just wanted clarification about what the question went to, what was unusual. If you could restate it.

MR. MC GOUGH: Sure.

BY MR. MC GOUGH:

Q My question is, did you find it unusual that he wanted you to put the deal through an offshore group?

A I may at the time, I don't remember.

Q Did you ask him anything about the entity he gave you?

A I am sure I did. I probably asked him, who is this. I don't remember exactly what I asked him.

Q Did he ask you not to use his name or International Business Communications' name?

A Again, I don't remember. He may have, but I don't remember.

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Q What, if anything, happened as a result of your contact with Mr. Miller and this proposal? What happened to the proposal ultimately?

A Nothing.

Q Did you ever follow up with Mr. Miller about that proposal after you sent him the list?

A As I mentioned earlier, I did. When I talked to him on the telephone about something, I asked him where we were at with the proposal.

Q What did he say, if you recall?

A He was looking into it -- he didn't say no. I don't remember exactly what he said.

Q After that one attempt to follow up, did you follow up again with it?

A I may have. I may have, because we talked on the telephone. I may have asked him. I may have asked him several times, but I don't remember. I mean, I talked to him on the phone several times.

Q Have you had any -- did you have any other occasions to communicate on a professional level with Mr. Miller other than the NEPL proposal and this proposal to sell arms or to sell arms to the Contras? I mean, do you have any other deals or business relations with him?

A We discussed, with the National Endowment for Preservation of Liberty, an SDI project. We discussed with IBC a foreign aid project for international banks.

We may have had a discussion ~~with~~ About the government of Panama, again related to foreign aid.

Q Let's see if we can put a time frame on any of these. The SDI discussions, do you recall when that would have been?

A That would have been through National Endowment for Preservation of Liberty, would have been some time after we talked to them about the resistance group. I don't remember; March, April.

Q All right.

A Then, after that, it was IBC with the banks, that would have been summer, fall, and then the discussion with Panama would have been late fall, early winter, '86.

Q First of all, let's identify the entities that were going to supply the arms, according to your proposal. You mentioned Chile. What was the name of the company in Chile?

A Industrias Cardoen.

Q Might have to spell that for the reporter. And the other company was what?

A Monte-Paz in Uruguay.

MR. TOMPKINS: Did the question go to entities that were going to supply weapons, did you say?

MR. MC GOUGH: If I did, what I want to do is restate it to include the companies involved in the transaction proposed to Mr. Miller. I think that's probably a little more accurate.

BY MR. MC GOUGH:

Q To your knowledge, did either Cardoen or Monte-Paz actually sell any materials to the Contras?

A No.

Q Mr. Pena, let me take you through some of the documents that have been supplied to us pursuant to the subpoena. Some of them, as you know, are in Spanish. I am going to ask you, if you could, to give us some translations. But some are also in English, which we ought to be able to do fairly expeditiously. Let's have this marked as Deposition Exhibit 3.

(Pena Exhibit 3 identified.)

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BY MR. MC GOUGH:

Q Do you recognize this exhibit?

A Yes.

Q What is it?

A It's a memo to Gerry Cassidy from my legislative assistant, letting him know that I was in Chile, talking to Cardoen about the development of their attack helicopter for Third World use.

Q How long have you had a relationship with Cardoen in reference to this? I mean, if this memorandum helps you place the date?

A I met the Cardoen people who run Cardoen socially several years ago, I guess in '84 somewhere, I was playing polo in Chile, and met them at that time.

Q When did you first approach them about engaging in a business transaction?

A Probably April 16. In April of '86, when I was in Chile.

Q So this memorandum appears to be written at approximately the time that you first began business dealings with Cardoen?

A Yes.

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Q I notice there that it refers to helicopters.

A Yes.

Q Your ultimate proposal to Mr. Miller involved other armaments, other than helicopters. Can you tell me when you began to discuss with Cardoen the possibility of supplying small arms or that sort of thing to the Contras?

A That's two different things.

MR. TOMPKINS: May we go off the record?

MR. MC GOUGH: Yes.

(Discussion off the record.)

THE WITNESS: Let me see if I can put this in the correct context. This is a separate issue from the small arms.

BY MR. MC GOUGH:

Q I understand that. I guess what I am saying is what I want to get is the evolution of the relationship.

A Let me give you an idea of what Cardoen is.

Q All right.

A Cardoen is major weapons producer, Third World weapons producer. It is currently developing an attack helicopter for the Third World. I had talked to them about the development of this helicopter for use in Central

America, which they were very aware of. They knew that it was going to be impossible to spend research and development funds on that helicopter and then sell it to Central American countries, African countries, Middle Eastern countries, and be able to recoup their expense. So they asked me if there was a way to have the U.S. military establishment purchase the helicopter for the Army for ~~then~~ Their use in the military assistance program or the FMS program, which is foreign military sales. That's what this was about.

Trip

Q All right.

A At the same time, Cardoen is a major -- probably the second largest producer of cluster bombs, hand grenades, Claymore mines. It produces tanks, wheel tanks, on-track tanks, wheel tanks, produces some small ammunitions for 5.56 and 7.62 rounds.

Q Going back to my question, was it on this initial trip to Chile that you discussed with Cardoen not only the helicopter deal but also the provision of smaller arms -- of the other types of armaments?

A No.

Q How did that evolve?

A During the summer of '86, when the authorization and the Intelligence Act was passed, and the $100 million was available, after that I sent Luis Sommers a telex asking him what he thought of their ability to supply military weapons for the democratic resistance forces.

Q Who is Mr. Sommers?

A He is their marketing manager, international marketing manager.

MR. MC GOUGH: Let's have this marked as Exhibit 2, if we do -- I am sorry, Exhibit 4.

(Pena Exhibit 4 identified.)

BY MR. MC GOUGH:

Q I apologize for the copy, but it's pretty accurate from the copy we received. This appears to be a telex dated on or about June 9 of '86 from you to Mr. Sommers; is that fair to say?

A Uh-huh.

Q Can you tell me, this is the one that we have not been able to read with any certainty, but can you tell me what this regarded?

A That telex is in reaction to this, that when the Cardoen people and I started discussions, I said I would look into the MAP and FMS programs to see if there was an

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opportunity to develop a strategy that could be implemented in Congress for the authorization of appropriations of funds for the purchase of Third World attack helicopters as they were developing.

Q Might be a little bit time-consuming, but I think it's worth doing. Could you give us a translation of each of the three paragraphs?

A I can't read it. It's basically saying thank you very much for the meeting we had. Second paragraph is basically looking into the defense -- our U.S. military defense groups to see what is competitive in helicopters; and the third paragraph is Cardoen could probably be a supplier of Third World military hardware if we could develop the strategy for that end.

MR. MC GOUGH: This is Exhibit 5.

(Pena Exhibit 5 identified.)

BY MR. MC GOUGH:

Q Could you identify what has been marked as Deposition Exhibit 5, please.

A It's another telex to Luis Sommers from myself informing him that the House of Representatives had approved the $100 million in aid to the democratic resistance forces,

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of which $70 million would be used for military assistance.

Q It includes certain priorities, does it not, as to --

A What, at that time, was considered priorities by the administration.

Q What were those priorities?

A Shoulder-fired missiles, RPG-7, grenade launchers, rifles, grenades, radios.

Q What was your source for the administration's priorities regarding armaments?

A The Washington Post and the New York Times.

Q At the time you drafted this telex, had you had any direct contact with the Contras or with Mr. Miller regarding this issue?

A It was all in the same time frame. I don't remember exact dates, but it could have been parallel, could have been a couple of days after.

Q Did you discuss these priorities with Mr. Miller?

A What do you mean?

Q The telex refers to priority items from the -- according to the administration. You indicated you got that information from the Washington Post or the New York Times.

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Did you discuss those priorities or did Mr. Miller give you any information regarding those priorities?

A Mr. Miller didn't give me any information on military hardware.

Q The next paragraph refers, I believe, to some concern about the direct involvement of the Department of Defense --

A Yes.

Q --in the administration of the program.

A Yes.

Q What was your source for that information?

A When I worked on the Hill, the Department of Defense was always concerned about their role in the democratic resistance forces program, that comes from me.

Q Would you give us a translation of -- there is paragraph number 2, please.

A He probably asked me for something in Chile that I had not been able to get him the information.

Q Can you give us a translation of that?

A That's what it is.

MR. TOMPKINS: I think he would like just a paraphrase.

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BY MR. MC GOUGH:

Q Yes, could you give me a little more.

A I said "I am sorry I haven't had the opportunity to send you the information regarding our conversation in Chile. I have been out of town and I have been unable to prepare an analysis as you wanted, but I will try to do it sometime in the near future."

Q That would refer up to item 2 in the caption; would it not?

A Item 2.

Q If you look up in the "re" at the very top.

A Right.

Q What is the translation of that item?

A "Information regarding defense."

Q So whatever the conversation was that you had with Mr. Sommers --

A It would probably have to do with the MAP and FMS programs and how to develop the strategy for their attack helicopter.

Q The third paragraph refers, does it not, to a meeting with Bell Helicopters?

A Yes.

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Q What was the purpose of that meeting?

A Bell Helicopters is very interested in what Cardoen is doing. They wanted to know what I had found out, what Cardoen was doing on their attack helicopter.

Q Just so the record is clear, if you look at the second page, I believe that telex was delivered on or about July 10 of '86; is that right?

A Uh-huh.

MR. MC GOUGH: Let's mark this as the next exhibit.

(Pena Exhibit 6 identified.)

BY MR. MC GOUGH:

Q Looking at Deposition Exhibit 6, Mr. Pena, do you recognize this telex?

A It's a telex from Luis Sommers to me.

Q It's dated July 11, 1986, I believe?

A It's July 14, 1986.

Q I was looking at the -- maybe two dates on it.

A I am looking at July 14 --

Q I am looking at the one below your name on the telex, July 14, 1986. Could you give us a translation of that telex, please.

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A He said, "Even though it's difficult now for you, it's not impossible to try to put some of our products within the $100 million that are part of the defense for the anti-Sandinista group. Even though it's a small quantity, it would help us in our future business negotiations. When you have time to give me the memo, I would appreciate having it. We continue to want to work together on this issue. We are very interested with the Bell Helicopter meeting, and we would like to know more about it."

Q If I could just refer to it for a moment, the memo refers to, or paragraph 1 opens up, something to the effect of while difficult or while there may be some difficulty, it's not impossible for you. What did you understand that to refer to?

A It's not impossible to get their products purchased by the democratic resistance forces.

Q What was he referring to regarding the difficulty?

A I imagine he felt that it was going to be difficult.

Q Had you discussed any obstacles with him that you can recall?

A You have to realize also that this man is a man

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who deals with military hardware every day, and he knows how difficult it is to try to sell military hardware when a government is involved in giving their own products to a group. That means your prices have to be lower, there's a lot of competition involved.

MR. MC GOUGH: Let's mark this Exhibit 7.

(Pena Exhibit 7 identified.)

BY MR. MC GOUGH:

Q This is a telex, is it not, dated July 23, 1986, from you to Mr. Sommers, responding to his telex of July 14?

A No. Well, I don't think it's a response to his telex. The telex says that I just had a meeting with a group that was interested in purchasing military hardware from Cardoen.

Q Does it say you just had or are about to have a meeting with him?

A I just had.

Q That is the first sentence. What is the balance of the telex there?

A I asked him for a list as soon as possible.

Q A list of what?

A Of military hardware they had available and the

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price.

Q What is the group that is referred to here with whom -- to what meeting does that refer?

A It would probably be that I had the discussion with Rich Miller, which is as best as I can remember.

Q So if that is, in fact, the reference you were making, the meeting would have taken place sometime prior to July 23 of '86?

A It could have been taken place that day.

MR. MC GOUGH: Would you mark this as Exhibit 8.

(Pena Exhibit 8 identified.)

BY MR. MC GOUGH:

Q Could you identify what has been marked as Exhibit 8, please.

A It's a memo from me, to Adolpho Calero and Bosco Matamoros.

Q It's a price list of --

A Military hardware that was available from Cardoen.

Q Had you ever met, up to this point, Mr. Calero or Matamoros?

A Yes.

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Q In what context?

A What do you mean what context?

Q How had you met them?

A I met Calero when I was in Nicaragua, I don't remember, '82, when he was still the head of Coca-Cola in Nicaragua. I met Bosco Matamoros right after that time, probably, in that summer of '82.

Q Did you present this list directly to them?

A I gave the list to Bosco to give it to Adolpho.

Q Would you have done that on or about August 12?

A Probably that same day.

Q Did you have any discussions with Mr. Matamoros about the list?

A Sure.

Q What I want to know is how this came about. We have talked about how you dealt with Mr. Miller, but how did it come about?

A Again, it was a business deal. It was an opportunity, and I probably felt that I wasn't getting much response from IBC and Mr. Miller, and I ~~want~~ went to Bosco Matamoros and Calero to see if they had heard anything about this opportunity.

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Q Could you have presented this to Mr. Calero and Mr. Matamoros simultaneously -- could you have presented it to Mr. Calero and Mr. Matamoros simultaneously to the time you presented it to Mr. Miller?

A No. I gave it to them after -- after Rich Miller asked me to send it to World Counselors, or whatever. I think that was it.

MR. MC GOUGH: Mark Exhibit 9, please.

(Pena Exhibit 9 identified.)

BY MR. MC GOUGH:

Q I will show you what has been marked as Exhibit 9, a letter dated August 15, 1986, to World Affairs Counselors, Inc., from Richard Pena. Attached is a price list substantively identical to the price list attached to or reflected on Exhibit 8.

Now, is this Exhibit 9 the letter that you sent to Mr. Miller proposing that transaction?

A Yes, it is.

Q I believe it's dated August 15, 1986; is that right?

A That's correct.

Q Which would be three days after the memorandum to

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Mr. Calero and Mr. Matamoros dated August 12, 1986; is that right?

A That's correct.

Q Can you explain, perhaps, why the letter to Mr. Miller is dated after the memo to Mr. Calero and Mr. Matamoros?

A It may have taken me a couple of days to write the letter, I don't know.

Q To write which letter?

A To write this letter.

Q That is Exhibit 9, the August 15 letter; is that right?

A Yes.

Q I believe you said earlier that you presented the list to Mr. Calero and Mr. Matamoros, only after you had presented the deal to Richard Miller?

A Yes. I talked, if you recall, I talked to Miller about this at a reception. Then I took days to get everything put together. So Mr. Miller knew about this before I ~~worked for~~ talked to Calero and Bosco Matamoros. That's what I am referring to.

Q Do you know if you provided Mr. Miller with this

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information, that is the information reflected in the August 15 letter, prior to August 15?

A I don't recall that I did. We may have talked about it by telephone. But I don't recall that I did.

Q Now, this letter is addressed -- that is, Exhibit 9 is addressed to World Affairs Counselors in Georgetown, Grand Cayman Island. Did you, in fact, mail this to the Grand Caymans?

A I don't remember. I may have mailed it, and I may have sent it over by messenger to Rich Miller.

Q I notice on there that Mr. Miller is not reflected as an addressee on the letter.

A That's correct.

Q Was that at his request or was that your own?

A I imagine it was at his request if I sent it to "Dear Sirs."

Q It reflects in the last paragraph, "in accordance with our previous discussions," and that's a plural word. Would that have been a discussion at the party and the reception -- over the telephone, as best you can imagine?

A I would imagine.

Q It says, in accordance with those previous

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discussions, we anticipate that any commissions from the sale of the product will be divided equally among the corporations involved in the placement of that product.

Do you recall now discussing commissions with Mr. Miller in either of those conversations? Does that refresh your recollection. Does that give you any more specificity on your discussions of commissions with him?

A No, we discussed that. Again, as I told you, we discussed that as part of our discussion at the reception.

Q Do you recall, was the division of commissions to be 50/50, or do you recall if you got to that point?

A We would split them equally. So I guess that would have been 50/50. I do not recall saying 50 percent.

Q You refer to corporations, plural, one of those corporations obviously would have been World Affairs Counselors, Inc.; is that a fair statement?

A I would imagine.

Q Do you know what the other corporation or corporations would have been?

A Well, Cardoen and Monte-Paz. Cardoen and Monte-Paz has to be paid.

Q Would they be paid a commission or would they be

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paid --

A No.

Q You are saying here, I don't want to confuse you. You are saying that your commissions are going to be split equally among corporations. I want to determine what corporations were dividing the commissions.

A Well, I have no idea. I don't know whether I wanted to make it sound right the way I drafted the letter. I really don't recall.

Q Did you keep a copy of this letter?

A No, I didn't.

Q Why not?

A Well, bad staff work. It got lost either in the machine or we didn't keep it in the file.

Q Did you or anyone at Cassidy & Associates make a conscious decision not to keep a copy of this?

A No. That was my fault.

MR. TOMPKINS: Just so your question and answer is clear, the fact is that this letter was not in the files of Cassidy & Associates or Mr. Pena when we looked for documents responsive to the subpoena. But that's not to say that the document wasn't there for some period of time before it was

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destroyed or whatever. The implication of your question is that somebody may have destroyed it immediately or didn't keep a copy at the time, but that's not -- my understanding is that that is not necessarily the case.

JBT

MR. MC GOUGH: That's what I am trying to clear up. It's not an implication as to whether that occurred, was there a conscious decision made to not keep a copy or eliminate the copy. So the answer to the question is no on that, I think.

MR. TOMPKINS: The answer to the question is no.

BY MR. MC GOUGH:

Q Let me ask the question again. Was there a conscious decision made by anyone, to your knowledge, not to keep a copy of this letter or to destroy any copies existing?

A No.

Q Mr. Pena, do you have a personal corporation through which you do business or otherwise?

A No.

Q Let me line Exhibit 9 up against Exhibit 8. It would appear, correct me if I am wrong, that on August 12 you submitted a price list directly to Calero and Matamoros. On August 15 you submitted a price list to Mr. Miller.

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If I am again correct, you were proposing the idea of submitting it to Mr. Miller was to have the Contras purchase those arms; is that correct?

A Yes.

Q On August 15, you were promising Mr. Miller half of any commission on arms sold to the Contras; is that also correct?

A Correct.

Q How were you going to be able to determine whether any sales from the Contras resulted from your letter of August 15 to Mr. Miller or from your memorandum of August 12 directly to Mr. Calero and Mr. Matamoros?

A I was expecting to hear back from Rich Miller if there was going to be any interest in this, and to Calero, he would have also gotten back to me and told me if there was interest in it. So I would have been able to know who was going to be involved.

Q In other words, Mr. Miller was to act as a conduit for the return information as well. That is, an order or something. Let's say there was an order for eight cluster bombs. Did you envision that order as coming back to you through Mr. Miller?

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A No, no, not the order. I would imagine they would have gotten back to me if they were interested. The way the letter is written is they were going to -- Monte-Paz and Cardoen, the persons who to contact, but I know people in both places.

Q I guess my question -- perhaps it's just confusion on my part. But normally, when you are dealing -- let's move out of the arms area. But when one deals with a manufacturing representative or something like that, where a commission is payable for placement of an order, it would be unusual for the manufacturer to contact the customer directly and propose a sale, because that would bypass the manufacturer's rep. It appears to me you have offered Mr. Miller a commission and then also contacted the ultimate purchaser directly in a way that might at least confuse who was entitled to a commission and who wasn't. Did you think about that at all when you did this?

A No. It was, again, a business proposition. I was trying to get to the people who were involved in this, and I contacted both groups.

Q At that time, did you have any understanding how the commission would be calculated or how it would be paid?

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A We hadn't even gotten to that point. What I wanted to do was to get to see if they were going to be interested, and to contact Monte-Paz and Cardoen.

MR. MC GOUGH: Let's have this marked as Exhibit 10.

(Pena Exhibit 10 identified.)

BY MR. MC GOUGH:

Q Can you tell me what this is, Exhibit 10, that is.

A This is a telex that I sent to Luis Sommers regarding what I had offered to World Counselors, Rich Miller and Adolpho Calero and Bosco Matamoros.

Q It would have gone out approximately August 20 of '86, is that the date at the bottom?

A Yes.

MR. MC GOUGH: Let's have this marked as Exhibit 11.

(Pena Exhibit 11 identified.)

BY MR. MC GOUGH:

Q I have just handed you what has been marked as Exhibit 11. Could you tell me what that is.

A It's a telex from Luis Sommers to me telling me

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that he received the telex I had sent him, and the prices on it, mentioned that the price is maybe a little bit high, but it's still possible to sell them, and he feared that that was where the commissions would come from.

Q Let's take it sentence by sentence. Could you translate the first sentence for me, please.

A He says he is interested in knowing what our progress and possibilities are with the conversations with the people in Washington.

Q I believe it's the "interested party in Washington"?

A Yes.

Q Is that a fair paraphrase? All right. Let's translate the next two sentences, please.

A He says we have the prices clear that you have quoted, even though they are somewhat high, they could work like that. There's no doubt that the margins give a possibility for whatever commissions are needed.

Q Is the word "commissions"?

A No, it's not -- "nadios" for them is "commission." Do you speak Spanish?

Q I don't, but is the word "pago extraordinario" --

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I don't, but is that a commission or a bribe or a grease payment?

A No, to me, pago extraordinario to me [illegible] ~~were~~ the commission~~s~~ from the price that came from here. I never got anything from Sommers asking me for a bribe ~~prime~~ or a grease payment, as you stated.

Q So that was you that understood that word to refer to commissions?

A Yes.

Q Next two sentences?

A It says we ask you to keep us informed, we are prepared to demonstrate or send technical information if necessary.

Q And the date of that telex would be September 9 --

A September 4.

Q September 4 --

A I have a 4 September '86 on the bottom.

Q All right, I was looking at the top, where it says 2 September '86. But at least somewhere in that 2nd, 3rd or 4th of September.

MR. MC GOUGH: Let's have this marked as Exhibit 12.

(Pena Exhibit 12 identified.)

BY MR. MC GOUGH:

Q All right. You have been handed what has been marked as Exhibit 12. Could you identify it, please. Can you tell me what Exhibit 12 is.

A It's a memo from me to Gerry Cassidy on potential clients that I was working on.

MR. MC GOUGH: Could you mark this as Exhibit 12. I think the one you marked has notes on it, so I will scratch it out.

BY MR. MC GOUGH:

Q If you would turn to the second and third page, second page first, but it spilled over to the third page of that memorandum. There is a reference to attempting to broker some of Cardoen's products for use by Adolpho Calero.

A That's correct.

Q That is the transaction that you were proposing with Mr. Miller?

A And Adolpho Calero.

Q It says you have also discussed assisting them in the potential joint ventures or co[redacted] production agreements.

A That's correct.

Q Could you elaborate on those?

Equip

A Here we go back again to one issue and another issue, co[redacted]t production and development of helicopters for the program. They want to take it out of Chile, go to Africa, go to the Middle East, is what I was referring to there.

MR. MC GOUGH: Let's mark this as Exhibit 13.

(Pena Exhibit 13 identified.)

BY MR. MC GOUGH:

Q I have put a red circle around a date on that one, but you can ignore that.

This is a telex delivered, at the bottom, September 19, 1986, from you to Mr. Sommers, is it not?

A That's correct.

Q Could you give us a translation of this telex as well?

A I had returned from Central America, I told him in Central America I had met people who I had talked about in April who would be interested in establishing a military weapons complex. I told him that I would be back probably in about three weeks. I would let him know what the outcome of that trip was. The next paragraph is that "with respect to the possibility of selling your products to the government of the United States, I think it's a real possibility, and it's part of the discussion I have had in Central America."

Q Let's back up for a minute. It's part of the discussions that you had in Central America?

A Yes.

Q I didn't catch the last portion.

A "It's related to the discussions I had in Central America."

Q All right. What is the next paragraph?

A "I expect to be in Chile in November and I would like to meet with you and Cardoen during that time."

Q The third paragraph referring to weapon sales to the United States, is that the same deal or a different deal?

A Here we go back again to the development of an attack helicopter for Third World possibilities.

Q Does this telex refer to the Calero deal?

A No.

Q Were you talking on the telephone with Mr. Sommers at all?

A I imagine I talked to him. I talked to him two, three times a month on the telephone.

Q Did you discuss with him the possibility or the progress of your proposal with Mr. Miller and Mr. Calero?

A More than likely he asked me where we were at, and I told him I had no information, because I didn't get any feedback from the other guy.

MR. MC GOUGH: I have some handwritten notes that were produced in discovery. Some of them are legible, some of them are almost illegible. I am going to have them marked and ask you if you can identify either handwriting and also some of the references, if you would.

(Pena Exhibit 14 identified.)

BY MR. MC GOUGH:

Q I have shown you what has been marked as Deposition Exhibit 14. Do you recognize the handwriting on that exhibit?

A Gerry Cassidy's.

Q It has a date of November 12, 1986, in the upper left-hand corner.

A Yes.

Q Do you recall a meeting at or about that time to which these notes refer?

A Yes. Could have been a meeting with Rich Miller, could have been a meeting with Gerry and I. I am not --

Q Yes. Do you know what the meeting was about?

A It was regarding Panama -- you asked me what other relations I had with IBC and Rich Miller regarding Panama. Panama was looking for foreign aid. They were getting their foreign aid cut off, and Rich Miller had asked us -- had asked me about what could be done. Then we set up a meeting with Gerry, so we had come in and discussed it.

MR. MC GOUGH: Let's mark this as Exhibit 15.

(Pena Exhibit 15 identified.)

BY MR. MC GOUGH:

Q I apologize for the quality of the copies, but it really is about the best we can do with what we have got. Do you recognize the handwriting on Exhibit 15?

A Is that Tom --

MR. TOMPKINS: I don't know.

THE WITNESS: I don't know.

BY MR. MC GOUGH:

Q Is it your handwriting?

A No.

Q Doing the best you can, reading it, do you know to what it refers?

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A Well, it says "11/25/86, meeting with Kevin Hopkins."

Q Who is Kevin Hopkins?

A He worked with or for IBC regarding the proposals I had mentioned earlier, foreign aid, in conjunction with the debt crisis in the international banks.

Q There is reference at the bottom about a 50/50 split. Do you know what that refers to?

A We had had a long discussion about how we were going to prepare ourselves to go to the banks and all the material that we needed to produce, so you can go with strategy to propose to the banks. We had talked about how we were going to split the workload.

Q You don't know offhand whose handwriting this might be?

A No.

Q Both in -- let's cover the next exhibit as well, then I will put a request on the record.

MR. MC GOUGH: Mark that Exhibit 16.

(Pena Exhibit 16 identified.)

BY MR. MC GOUGH:

Q Looking at Exhibit 16, do you recognize the

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handwriting on that piece of paper?

A No.

Q Can you state that it is not yours?

A No, it's not mine.

Q Do you recognize any of the substance on the note? Does it mean anything to you?

A No.

MR. MC GOUGH: Mr. Tompkins, with regard to Exhibits 14 and 15, what I would like to ask is that we be provided access to the originals. Also, rather than issue a broad gauge subpoena, if you could attempt to determine and send me a letter as to who the author of these two notes is, we can probably take care of it that way.

MR. TOMPKINS: I think so, you said 14 and 15. I think you mean 15 and 16.

MR. MC GOUGH: Yes, 15 and 16. 14 has been identified as Mr. Cassidy's handwriting, and that's entirely legible.

MR. TOMPKINS: We will undertake to see if we have the originals. I am not sure we do. Also undertake to find out whose writing that is. I will give you the answers to both of those as soon as we can.

MR. MC GOUGH: That would be fine. If you could just put that in a letter to me, that would be acceptable.

Let's mark this as Exhibit 17.

(Pena Exhibit 17 identified.)

BY MR. MC GOUGH:

Q I am showing you what has been marked as Exhibit 17, Mr. Pena, which appears to be a memorandum in Spanish dated April 7, 1986. Take a moment to review it, I am not going to ask you to translate the whole thing. We would be here for the rest of the afternoon. My question for you is going to be, can you summarize for me what it is.

A Let me give you the summary of this. Bosco Report Matamoros gave me this ~~with~~ concerning a meeting that Bob Leiken had with FDN commanders in a foreign country, what they wanted to do with their struggle for freedom. We can go even further to say that this is something political that the FDN did, Bosco wanted me to read, because they were concerned about Leiken, who was not supporting the FDN, Calero and company.

Q Who's Leiken, for the record?

A He is a Ph.D. who was a Sandinista supporter and decided to quit supporting the Sandinista supporters and got involved in the UNO group, United Nicaraguan Opposition group. As far as I know, he is a friend of the United Nicaraguan Opposition. The other people who are involved in it are not Adolpho Calero and Bosco Matamoros.

Q Can you give me, for the record, a general summary of the substance of this?

A To be honest with you, I didn't read it when he gave it to me. They were concerned that Leiken was not supporting the FDN side of it. That's what I was told.

Q Why did Mr. Matamoros give this to you?

A He usually shares the political memorandums, writings that they have, the FDN has, on what they are doing, and how they are continuing along in their struggle to return to Nicaragua. This was in the newspaper, I think, or maybe not in the newspaper, maybe Leiken's trip was in the newspaper. He disagreed, Matamoros disagreed with the reporting in the newspaper about what Leiken had said.

Q What do you know in reference to the April 7 date on it, when you might have received this?

A Could have been that day. It could have been later. I don't remember. Bosco comes to the office when he wants to --

Q Comes to your office?

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A Comes to my office. He calls me on the telephone, comes by to see me.

Q Would Mr. Matamoros' contacts with you in this regard have been fairly steady through 1986?

A Regarding political matters?

Q Political matters. Did you have a lot of contact with Mr. Matamoros?

A Sure. I talked to him on the telephone.

Q Can you give me an idea of the frequency?

A Sometimes twice a week, sometimes three times a month. It would depend what was going on, what activity they were carrying out.

Q Did you discuss this matter with Mr. Miller, to the best of your recollection?

A This?

Q Yes.

A I didn't even read it. I had no reason to discuss it with Miller.

Q Given your fairly regular contact with Matamoros, why did you think it was advisable or necessary to involve Mr. Miller in the military hardware deal?

A Can I suppose for a minute, instead of giving

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you --

Q As long as you ultimately get to an answer, you can suppose.

A Due to my background, working on the Hill, seeing these people with whom I worked on the Hill, I had a regular contact with them, with Bosco Matamoros and with Adolpho Calero. When Rich Miller joined the group ~~of~~ supporting the freedom fighters, I noticed that not only Bosco Matamoros but Adolpho Calero, and everybody else that was involved, was more directed to the National Endowment for Preservation of Liberty, and ~~that~~ to Rich Miller, and I guess Spitz Channell; and I saw that at a couple of receptions that I went to, and realized that there may be something there that I hadn't been able to get to, and that's what gave me the idea of mentioning the possibility of having weapons that were produced in Chile purchased by the resistance forces at a better price, after seeing that interaction.

Q You say there may have been something there that you hadn't noticed before, or something of that type. Can you be a little more specific? What was it about Mr. Miller's relationship with Adolpho Calero and the FDN that gave you the idea of presenting him with a military

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hardware --

A Number one, it wasn't only for Calero and the FDN. The other two, in newspaper terms, were much more moderate than Adolpho Calero. He seemed to have the whole group together at the same time. Observing that gave me the idea again --I supposed this, I didn't know this --that there was something I was missing that I could not offer Adolpho Calero or the rest of the group.

Q Do you know what that "something" you were missing was?

A No, I don't. I didn't have any idea. That's why when I mentioned it to Rich Miller, I wanted to see if he would be interested. He obviously was.

Q Did he seem surprised that you had broached that possibility with him?

A I don't recall. I don't recall if there was surprise, alarm or anything else. But you have to recall, now, that at that time in Washington, in the newspapers, the major issue that was going on was the need for military hardware for that group. So when people discussed the democratic resistance forces, they discussed it in the context of if they were going to be able to survive due to

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the lack of military hardware.

Q All right. Other than the proposal to work with NEPL on the projects you have identified, Central America and SDI, have you had any other contact with Spitz Channell?

A Just on -- when Rich Miller brought him for the lobbying of the $100 million and for SDI.

Q When was the last time you spoke with Mr. Channell or anyone holding themselves out to be a representative of Mr. Channell?

A He called me either mid ~~to~~ or late December. I returned from a trip, I was only in Washington for a few days, and he may have called me in January, I don't remember.

Q What was the purpose of those calls?

A He was asking me what was the fallout, what was going on, on the Hill, about all that was revealed about the investigation into the Iran-Contra dealings.

Q What did you tell him?

A I told him I had been out of the country for about a month, and that I was just beginning to read about everything that had happened.

Q To your knowledge, was Mr. Channell aware that you had made the Cardoen proposal to Mr. Miller?

A I didn't talk to him about it.

Q Mr. Channell never mentioned that to you?

A Never mentioned it to me. Again, I didn't talk to him every day.

Q I understand. Have you ever had any personal contact with Oliver North?

A Met him one time many years ago at an OAS reception, for about two seconds. We shook hands.

Q Other than that?

A No.

Q Did Mr. Miller ever discuss with you any contacts he might have had with Oliver North?

A He discussed contacts that he had with the administration, but he never -- he may have mentioned it, but he also mentioned Shultz's name, and the rest of the people in the administration.

Q How many contacts have you had with Mr. Miller, say, since January 1 of this year?

A I may have talked to him once or twice on the telephone.

Q When was the most recent conversation?

A That was in January.

Q Haven't spoken to him since January?

A He hasn't called.

Q Have you spoken to anyone holding themselves out as a representative or an attorney for Mr. Miller?

A No.

MR. MC GOUGH: I think that's all I have.

MR. FRYMAN: I have no questions.

MR. BUCK: I have no questions.

MR. TOMPKINS: May we have a brief recess.

MR. MC GOUGH: Sure.

(Recess.)

MR. TOMPKINS: I just need to ask him a few questions.

MR. MC GOUGH: All right.

EXAMINATION

BY MR. TOMPKINS:

Q We are back on the record. I would just like to ask Mr. Pena a few questions to clarify the record. Mr. Pena, am I correct that neither Richard Miller nor any organization that he was involved with are now or ever have been clients of Cassidy & Associates?

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A That's correct.

Q Am I also correct that neither Mr. Channell nor any organization that he was involved in or affiliated with are now or ever have been clients of Cassidy & Associates?

A That's correct.

Q And am I also correct that the firms you have been discussing today, including Cardoen, Monte-Paz -- well, that those two firms are not and never have been clients of Cassidy & Associates?

A That's correct.

MR. TOMPKINS: I think those are the only questions I needed to ask Mr. Pena.

MR. MC GOUGH: All right.

MR. TOMPKINS: I would like to, though, ask on the record your intentions, if you have any, of whether any part of this transcript or any of these documents may become part of the public record.

MR. MC GOUGH: I don't know, and that's the short answer. The matters all become part of the Committee record, and obviously we are starting the public hearings tomorrow, and there will ultimately be a report written and promulgated by the Committee.

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At that time, at each step along the way, the Committee will make decisions as to what portions of the record will be made public and what portions won't. Those are made, I believe, if I read the rules correctly, by a majority vote of the Committee. That's about all I can tell you.

It's a matter that is really out of my hands. We compile the record, and the Committee decides what it wants to do with it.

MR. TOMPKINS: I understand that. In the letter that we sent accompanying the documents, we had a request that if there is any intention to use any of the documents or this transcript as part of the public record, we would like to be notified 48 hours in advance, ~~as~~ and I would like to restate that request in the record.

MR. MC GOUGH: That's fine. It's on the record. For the record, let~~'s~~ me say, as far as signature goes, as soon as the transcript is available, I will notify you, Mr. Tompkins, and you and Mr. Pena can come down and look at the transcript. I have already told you that we will take your request for a copy of the transcript under advisement. I will notify you of the Committee's position on that

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shortly.

MR. TOMPKINS: That's fine. Thank you.

MR. MC GOUGH: Thank you very much, Mr. Pena.

THE WITNESS: You are welcome.

(Whereupon, at 12:03 p.m., the deposition was concluded.)

RICHARD PENA

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CERTIFICATE OF NOTARY PUBLIC & REPORTER

I, WENDY S. COX, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken in shorthand and thereafter reduced to typewriting by me or under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken; and, further, that I am not a relative or employee of any attorney or counsel employed by the parties hereto, nor financially or otherwise interested in the outcome of this action.

Wendy S. Cox

Notary Public in and for the
District of Columbia

My Commission Expires NOVEMBER 14, 1987

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HSITS 162 /87

HEARINGS

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION

NO. 1 OF 2 COPIES

UNITED STATES SENATE

DEPOSITION OF THOMAS R. PICKERING

Wednesday, July 15, 1987

4387

Partially Declassified/Released on 1/24/88
under provisions of E.O. 12356
by B. Reger, National Security Council

Washington, D.C.

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DEPOSITION OF THOMAS R. PICKERING

Wednesday, July 15, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Deposition of THOMAS R. PICKERING, called as a witness by counsel for the Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 8:08 a.m., the witness having been duly sworn by MICHAL ANN SCHAFER, a Notary Public in and for the District of Columbia, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

Partially Declassified/Released on 1/23/88
under provisions of E.O. 12356
by B. Reger, National Security Council

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[redacted]

APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

TERRY SMILJANICH, ESQ.

On behalf of the House Select Committee to Investigate Covert Arms Transactions with Iran:

THOMAS FRYMAN, ESQ.

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Thomas R. Pickering		
By Mr. Smiljanich	4	

PROCEEDINGS

Whereupon,

THOMAS R. PICKERING,

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn by the Notary Public, was examined and testified as follows:

EXAMINATION

BY MR. SMILJANICH:

Q Mr. Ambassador, state your name for the record.

A My name is Thomas R. Pickering.

Q And you are currently the United States Ambassador to the Government of Israel?

A To the State of Israel.

Q The State of Israel. Mr. Ambassador, you have had a distinguished career. You are a career Foreign Service Officer; is that correct?

A That's correct.

Q And you served as Executive Secretary of State and also as Special Assistant to the Secretary of State in the early '70s?

A That's correct.

Q Was that to Secretary of State Henry Kissinger?

A Both to William Rogers and Henry Kissinger

[redacted]

from July 1973 until January of 1974. It was a short period.

Q And you've also served as Ambassador to Jordan, Nigeria, El Salvador and Israel?

A That's correct.

Q What were the inclusive dates of your ambassadorship in El Salvador?

A I was Ambassador in El Salvador from September 1983 until mid-June 1985 -- early September, to the best of my recollection.

Q Who was your predecessor in El Salvador?

A Dean Hinton.

Q And your successor?

A Edward Corr.

Q I think it's Edwin.

A Edwin Corr, correct.

Q And you went from there to Israel; is that right?

A That's correct.

Q Was there any hiatus in-between?

A Only the time required for confirmation. I left El Salvador in mid-June and I was in Israel by the end of July.

Q Who was your predecessor in Israel?

A Samuel Lewis.

Q At some point during your tenure in El Salvador a man by the name of Felix Rodriguez came to your attention; is that correct?

A That's correct.

Q How did he first come to your attention?

A I believe that I received information -- and I'm not exactly sure whether it was by phone call or by cable, or both -- from Don Gregg, who was the National Security Advisor in Vice President Bush's office that they would like to have me talk with him.

Q Did Mr. Gregg explain what background he or the Vice President had with Mr. Rodriguez?

A I'm not sure whether it was Mr. Gregg directly or through a message or through subsequent conversations or through a message from General Gorman that he had previously been associated with the CIA in Vietnam, that he had developed some tactical operations with the use of helicopters, and that his advice and opinions could be useful to the Salvadoran Air Force.

Q We've got a group of documents here that will help refresh your recollection on some of these events that took place some time ago. First let me show you a cover memo from Colonel Steele to you dated 1 February 85, together with a typewritten -- it looks like it was taken from a cable. Take a moment and read that and let

[redacted]

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me ask you some questions about it.

(Pause.)

A This possibly, although my recollection is a little hazy, is a draft prepared for me to review and sign. It could possibly be the message that actually went. I'm not certain. It would depend upon where you got this typed copy. This is copy that looks like it's prepared in outgoing form.

Q That's one of my first questions. Obviously this is not in the form of the typical cable, State Department cable. This was contained in the documents that we had received from, I believe --

A From the embassy in El Salvador, from their files?

Q I believe from their files.

A This possibly is a copy prepared by the commander of the Mil Group and his staff. [redacted]

Q So we don't have a copy of any original cable sent. You don't know whether or not that was ever --

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[redacted]

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A I don't either. My impression is, from the best of my recollection, that the message was actually sent, but I can't tell you for certain.

Q Now before we go on, in here reference is made to the fact that Mr. Rodriguez has high level contacts at the White House. That would be Mr. Gregg, right?

A Correct.

Q It says Department of State. Do you have any recollection?

A No. I think it possibly refers to the fact that we may have had information or suspected that Mr. Gregg may have also mentioned the question to Tony Motley or someone on his staff, but I can't tell you. You'd have to ask them.

Q Okay. Thank you. Now I then have, in the form of an actual cable, dated February 12, 1985, for Craig Johnstone from you, although the text of the cable -- I'll give you a moment to read it -- the text of the cable is actually a message you received from General Gorman on February 8. Take a moment and look at that.

(Pause.)

A I faintly recall. This was part of my practice of making sure that the Department of State was aware of back channels to other agencies, and so this went in a special channel. You have it blocked out.

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[redacted]

Q The State Department blacked it out.

A For specific reasons.

Q Now let me refer to portions of this cable and then ask some questions about it. First of all, is it correct that the substance of the cable is information you were receiving from General Gorman --

A That's correct.

Q -- rather than information you had yourself?

A That's correct.

Q And the message from General Gorman says: "Subject" -- the subject being Felix Rodriguez -- "has been put into play by Ollie North and, while well acquainted, does not have higher backing. Ollie assures me that he will pass word to Rodriguez to get in touch with me before he goes any further."

Then, if I can skip a few things here, it says, General Gorman discusses in the cable about a decision as to whether he might be useful to El Salvador air force operations. Then it says: "But Ollie assures me that his intent was to focus Rodriguez on forces operating elsewhere in Central America and that nothing more than consulting with" -- and there's a name blacked out, but I believe that's [redacted]

A Possibly

Q -- "was contemplated."

A Maybe [redacted]

Q Does this prompt any further recollection from you about any ties that you understood Rodriguez had with Oliver North or the fact that his mission in Central America might have something more to do than simply interacting with the El Salvador air force?

A No. Quite the contrary, the best of my recollection was that our total interest in him was focused on El Salvador. In our prior conversations I remembered, only after you recalled, this was a surprise to me. I hadn't any real focus, as I told you, on his operations elsewhere. The message is very clear. I obviously read it before I sent it. Obviously I absorbed it. But, as I told you, it wasn't of specific interest to me because forces operating elsewhere in Central America blissfully were not my problem.

Q You had a full plate in El Salvador?

A Yes.

Q Do you have any recollection of what you understood to be "forces operating elsewhere in Central America"?

A No. I didn't. I must say I don't think I focused on it. I presumed it could have been either [redacted] forces, but I don't think it ever rang any bells or ever went any further in my thinking on the subject. That's just speculation after the fact -- the [redacted] forces.

Q The last sentence of the message from General Gorman says: "Ollie rogered and said that Rodriguez can be much more useful in other places where aid and advice is much scarcer." Did you ever discuss this matter, to your recollection, directly with Lieutenant Colonel North?

A No. I don't think so. My contacts with Lieutenant Colonel North were also blissfully very scarce and far between, and I don't remember his ever raising this subject with me or our discussing it. It's not impossible that my recollection could be refreshed, but it rings no bells at the present time.

Q Do you know whether or not you ever discussed with General Gorman what he was referring to when he talked about "forces elsewhere in Central America" or Rodriguez being useful in other places?

A Not specifically. But, as I said, there were a limited number of candidates for that particular subject.

Q Now, then, let me show you the next-to-last series of messages on this subject, and this looks to be a Defense Department cable dated February 14, 1985, from

General Gorman to you and Colonel Steele. Take a moment to look at it.

(Pause.)

A Okay. I remember getting this.

Q Now let me see what my questions are. In this message it appears that General Gorman gets a little more specific about Mr. Rodrigues' other concerns in the region, and he says -- and let me read the sentence: "Rodrigues' primary commitment to the region is in [redacted] where he wants to assist the FDN" -- FDN meaning the Nicaraguan Democratic Force.

A The contras.

Q "I told him that the FDN deserved his priority." Backing up a little bit, it says that General Gorman had just met with Felix Rodrigues and that he was [redacted] from Miami, that he was operating as a private citizen, but his acquaintanceship with the Vice President is real enough, going back to the latter's days as DCI. As a matter of fact, I think it turns out that Felix Rodrigues and Don Gregg are very good friends, personal friends, I think from Vietnam.

Again, I guess my only question is, does looking at this prompt any further recollection of discussing with anyone Felix Rodrigues' role as perhaps his presence having to do with assisting the contras in any way?

A No, it doesn't, really. I think the assumption I had, as I recall, at the time and certainly have now is that whatever he would be doing for the FDN would be related to his presence in [redacted] not in El Salvador, and that when he was dealing in El Salvador he would be dealing with [redacted] and the PRAL operation and advice to the Salvadoran air force on effective ways to conduct those kinds of activities.

Q What does PRAL mean?

A It's a long-range patrol group.

Q The last thing I need to show you --

A It's Spanish. I think it's Patrios Reconnaisimiento el Conselargo, which means long-range patrol group.

Q Let me show you the last document I have here, which again looks to be perhaps a draft of a cable, but take a moment to look at it.

(Pause.)

A I remember this. This was the end result of our discussions with Felix, laying out his plan of operation, and basically is the major impact of Felix on me in terms of recollection is contained in that message.

Q In other words, this message describes some specific ideas he has about certain tactics that can be

[redacted]

duplicate as P 13 on the deposition transcript

← 13 ends

Equivalent to page 14 ↓

used to counter guerrilla tactics and that was your understanding of what he was doing in El Salvador?

A That's correct.

Q Now in connection with those activities he operated -- first of all, he worked very closely with p14 [illegible]

[redacted] is that right?

[redacted]

Q Were you aware, up to the time you left in June of '85, of any activities engaged in by Mr. Rodriguez that went beyond these counterinsurgency -- this counterinsurgency work with the El Salvador air force?

Page 14

A No, I wasn't.

Q He, in connection with this work, was granted certain privileges at the Embassy; isn't that correct?

A After the fact -- I think that's right -- I became aware of the fact that the Mil Group gave him support of some kind, I gather parallel to what we would give civilian contractors, although he was not a contractor to us and was a no-cost, apparently, contractor to the Salvadoran air force.

Q Do, if I understand you correctly, there is a

15 begins

[redacted]

Page 15

Pick up with (page 15) which this dup! ?

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[redacted]

certain category of standard privileges that are given to contractors who have an official relationship with the U.S. Government, and he was given similar?

A I don't know for a fact exactly what he was given except for what we talked about in our secure telephone conversation some months ago, and I think Colonel Steele would probably be the best source for what privileges he was given. As of the time you and I spoke, I didn't have any recollection that he was given any privileges -- whether it was access to the commissary, a radio or car, or use of a car.

Normally we were fairly broad-minded with people in terms of being involved in our radio net in order to provide them the security support. That included things like the school where we had children and other non-governmental entities. Beyond that, I just don't know what he was given, and if he were given those kinds of things I think there may have been some slight discordant noises with our own approach to the thing.

But it was something that never came to my attention and something I don't recollect.

Q Now, when you left El Salvador did you have a session with the new Ambassador, Ambassador Corr, to sort of brief him into the role?

A Yes, I did. We had one, I think, long dinner session here in Washington at which we discussed a lot of issues and we were in contact by phone and by meetings in the State Department.

Q Do you recall whether or not Felix Rodriguez was a big enough or important enough subject that it would have come up in your briefing with Mr. Corr?

A I believe I did, but my recollection is a little hazy, and Ed's recollection on that would be either a cross-check or a denial, but to the best of my knowledge I believe it came up not as a central focus issue but as simply, hey, here is something you ought to know about. This is what he has been doing. This is my understanding of what he has done.

At that point his operation or the operation which he advised had had several real successes and, as a result, I had more than just a kind of passing interest in what was going on.

Q And you don't recall that any of your discussions with Ambassador Corr would have had any mention of any activities beyond his counterinsurgency work? Let me add to that, by the way, that Ambassador Corr has been interviewed and deposed and he has no recollection of such a subject coming up.

A No. I would say I would be most surprised if it did. My recollection is it did not. I was just not

[redacted]

zeroing in on any such aspect of his activity, despite the evidence, obviously, to the contrary. Although that evidence indicated to me the primary early interest in his presence, my sense was that his presence in El Salvador continued to be focused exclusively on the mission we had outlined.

Q Well, to be fair, I think obviously when we have a deposition like this we focus in on two or three documents like this, but if you stacked up all the paperwork you looked at as an Ambassador I'm sure it would go pretty high.

A I'm sure you understand.

Q In 1984 Congress cut off all funding, appropriations available to assist the Nicaraguan resistance. When this version of the Boland Amendment was enacted into law in 1984, do you recall what specific effect that law had on your activities as Ambassador or the work of the people in your embassy?

A To the best of my recollection I spoke with [redacted] It would have been sometime near the of 1984. I don't remember. When was this Boland Amendment?

Q I believe it came into effect October of '84.

A Sometime around then, and raised with him an operation on which I had been briefed [redacted]

[redacted] which included supply flights [redacted] At that time, I told [redacted] that it was my belief that he had to terminate those operations and I asked him what instructions he had from Washington.

He said indeed he had instructions from Washington, that the operation had been winding down, and that he had then, during my first or in subsequent conversations, he informed me that everything that had been the property of the Agency had been transferred and that the Agency was no longer in any way at all involved in supply activities [redacted] to the best of my knowledge, [redacted] and that he felt that they were in complete observation of the Boland Amendment as a result of those actions.

Q Was [redacted] did you say?

A Yes.

Q Did [redacted] tell you to whom they had transferred this equipment or assets?

A I believe if he didn't say specifically [redacted]

Q Did you have any discussion prior to leaving El Salvador of the role of private benefactors in supplying the contras?

A I was generally aware of the fact that private benefactors were. I'm not sure what you mean did I have any discussion. Did I have any discussion with anybody? Did I have any discussion with [redacted]

Q That's a fair question. Let's start with [redacted] In discussing the transition from funding to no funding for the Nicaraguan resistance, did you have any discussion with [redacted] about what role private benefactors would have?

A I did not, and, to the best of my knowledge, he did not raise the subject. Subsequently with respect to private benefactors to Salvadoran military forces I expressed my desire that the role of the military group be extremely cautious, that they should not engage themselves in direct support for these individuals, [redacted]

And I can't really recall whether at any point during my tenure the issue of private benefactors operating [redacted] other places [redacted] actually came up and whether we had any similar conversations. But the standing instructions with respect to El Salvador were so clear and limited. In my discussions I thought of the Boland Amendment and our involvement, plus all the publicity, was so self-evident that no one would engage in that kind of activity either without letting me know or, alternatively, without using their good sense about obeying the law.

Q Were you ever asked by anyone to facilitate in any way or assist, do any favors for any private benefactors groups that would be supplying the contras during that time?

A The only time, the only issue that comes to my recollection was the one that we have discussed of the document which listed the donation, which I was asked by an individual to pass that document on. Possibly Ollie came to my mind or it came to his mind. I'm not certain which.

Q Let me put that aside for a second; I want to ask you about that. But beyond that document --

A Beyond that I have no clear recollection of any such circumstance.

Q Then let's go ahead and talk about that particular matter involving this document. As I understand it, the last time we talked to you, you had difficulty putting a specific time frame on it, but it happened shortly before you actually left for Washington for consultations, and you gave us, at my request, and you promptly assisted us, you sent a cable that was for us of dates on which you were in Washington.

A I think the most likely time would probably have been in December of '84, but it could have been in March or April of '85. To pinpoint that, have you ever located the [redacted] report?

MR. SMILJANICH: Off the record.

(A discussion was held off the record.)

MR. SMILJANICH: On the record.

BY MR. SMILJANICH: (Resuming)

Q Why don't you go ahead and tell us, then, exactly what you can recall about someone coming to you and asking you to do something?

A Sometime during that period [redacted] came to me and said that he had been contacted by a group [redacted] who were engaged either in soliciting or receiving assistance for the contras, that that group had information about a donation and wished to effect delivery.

There was a problem about where delivery could be effected and they wanted to have a document transmitted, to the best of my knowledge, to the contras' [redacted] asked if I would pass this document on. I said I would pass the document on, and either he suggested or I thought of Ollie. At that point I had heard enough rumors of Ollie's activities in connection with private support for the contras that I thought he would be a useful address. I think that it was specifically asked, as I recall, that maybe the document should go to Calero and that Ollie was the only person I knew who had a contact with Calero.

In any event, I told him that I would be glad to pass it on, that I was going to be in contact soon. I came to Washington, called Ollie on the phone. He returned my call. I said I had a document that he would understand the purpose of but that the people who had given it to me wanted it passed on to Calero. He said he would do so, and I think I sent it to him by a messenger in a sealed envelope to his office at the White House.

He later told me he had received it, called me back and thanked me for passing it on, and said he would ensure it would get to its destination. The document contained a list of military equipment which, to the best of my knowledge, purported to be available for support of the contras, I think either from a private source or a foreign governmental source. That was not really clear in my mind, although, as I told you, the listing of material led me to guess from the way in which it was described, the nomenclature used, that it was possibly a [redacted] source of support for the contras.

It contained a fairly significant listing of stuff, something that I think you could judge would be available to support 4,000 or 5,000 men, not just a company or so. [redacted] Whether it identified [redacted] I don't know. I don't recall. But the listing was indeed, I think from the basis of having read the two, an identical list to the one that I had passed on.

Q How much time elapsed between when you got this document to Colonel North and when you saw the intelligence?

A I would say within a week or two. That was one of the reasons why I didn't do as I normally would have done, to the best of my knowledge, informed the Department, because I was about to do it when I saw this document. I said, well, they already have that information; I don't need to dive into it.

Q Do you recall whether or not this document or your conversations with [redacted] indicated in any way whether this was going to be a sale of weapons or a donation of weapons?

A To the best of my recollection, it appeared to be a donation, although it may have had two parts. It may have been a sale by the supplier against a donation to pay for it by some other private source. It kind of sticks in my mind that it was something like that. So there may have been more parties than just kind of a donor supplier.

Q Let me understand that. I understand you don't have a clear recollection of this.

A I don't, no.

Q But what you're saying is it could possibly have been a sale of the equipment, but based upon a donation, the monies coming from private donations rather than from out of the pockets of the contras.

A Yes. And it's possible that the donor or donors were located in the same country as the sellers. In other words, it was a closed deal. The money may not have come from the government or the manufacturer. Money may have come from other suppliers or from other sources within the country, and that the two came together to the contras.

Q Did [redacted] describe who this group was [redacted]?

A He said that they were a group of people who were supporters of the contras. I had the impression that it might have involved only Nicaraguans or it might have involved Nicaraguans and [redacted]. He may have even mentioned names which at the time rang bells, but it doesn't stick in my head.

Q They were weapons?

A A combination of weapons and support equipment, [redacted]

Q Take a moment and think. Do you recall anything else that might help us identify it if we ever see it?

A No. I said to you before that the identification of the [redacted] that were being provided was one of the things that led me to believe they were possibly [redacted] and I can't tell you exactly why except [redacted] range a bell. I had, during a previous part of my career, been engaged in the long discussions leading up to [redacted]

Q Did the document or did your discussions with [redacted] give you any information as to where the material was currently located?

A Yes. I had the impression that the material was located some distance and that they were contemplating sea delivery, and that they had discussed or asked about whether ports in countries like [redacted] [redacted] could be used to land the equipment in order to transfer it to the contras. That was one of the things they wanted the document passed to the contra directorate or leadership in order to try to determine.

Q Now it sounds from your general description of these events that there didn't seem to be any urgent immediacy to transmitting this information, because it sounds as though, well, you were going to Washington soon and then when you got there you had it delivered to Colonel North rather than as soon as getting it nobody asked you to pick up the telephone and call right away.

A No.

Q Do you recall that there was any sense of time that could pass?

A I recall there was a kind of medium sense of urgency, but not such that people wanted me to put it in cables or to pick up the phone and call somebody about it. I think it also came to me at a time that I was about to go to Washington, so we were talking in terms of days and weeks, not hours.

Q Now why would it not be your normal practice, what I would assume would be your normal practice, to take this information from [redacted] and put it into a cable that day and transmit it on to Washington for delivery to Colonel North, saying would you please pass the following message to Colonel North?

A Well, first I was not sure to whom it should be passed. Secondly, I was not, until I considered it further. Thirdly, it was not the kind of thing that I would normally put in a cable.

Q Why is that?

A I think because it involved a sensitive private operation and not a public one.

Q Now you don't recall whether or not it was [redacted] who specifically asked you to relay this to Colonel North or whether Colonel North was somebody you suggested?

A I cannot recall. I'm really sorry. He may have said only can you pass this on to somebody who is in touch with that group and I thought of Ollie, or it is possible he came up with Ollie's name. I just do not know.

[redacted]

Q Now, what Colonel North has to say about things has been much in the news lately. If you can subtract all that from your mind -- I don't know if you've been keeping up with it, but if you could describe for me what general impression you had of what Colonel North was doing, what his activities were back then that would have led you to believe that he might be the person to contact.

A Sure. The only general impression I had then -- and I have not really kept up with what's been going on except peripherally -- was that one way or another I had heard, and I can't tell you where -- it may have been from the southern command; it may have been from the military group commander; it may have just been on the rumor circuit from somebody else -- that Ollie was actively engaged in either supporting or encouraging private support, and perhaps foreign government support, for the contras in the absence of being able to support them directly under the Boland Amendment, and that somewhere along the line I had the impression that people believed this was a legal activity on the part of the NSC.

Those two things stick in my mind, and that's the reason, if I suggested Ollie, that's the reason why Ollie's name came up in my head.

Q Now, on the subject of the legality of third country solicitation during this time period, this would have been when Tony Motley was Assistant Secretary; is that right?

A That's correct.

Q Ambassador Motley has told us that it was his belief during that time frame that third country solicitation was not something that the State Department should certainly do unless specifically authorized in legislation, and that it was his general impression that it was the belief with the people he dealt with at his level that maybe the NSC could engage in this activity, but probably not, and it's something people should stay away from.

Do you know where you got a general sense that perhaps this was something that the NSC could engage in?

A I don't really know and can't pinpoint it. The only thing I can say is that somewhere in my head at that period I had heard this view expressed.

Q You don't remember from whom?

A I really cannot; I'm sorry.

Q Do you recall whether you had any information, rumors, hints, anything like that, as to any specific third countries that might have been solicited or actually made contributions on behalf of the contras?

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A No. This piece of paper, in what appeared to be [redacted] may also have stemmed from rumors that [redacted] may have been involved. Somewhere in my head [redacted]sticks. Beyond that, there were rumors of [redacted] support, not generally known but widely enough, and whether they were out of the press or other places, I don't know. [redacted] but I'm not sure.

But, you know, they were in a very kind of no substantiation basis.

Q When you discussed this with Colonel North did you discuss it with him on the telephone?

A Telephone; I did not meet him.

Q Did he give you any indication that he was expecting this information in any way?

A No, he did not.

Q Did he say anything to you about where it might be coming from?

A No. He just thanked me for passing it on. He said he understood what it was and he would take care of it.

Q And, as you understood it, what he was saying he would do would be to pass this on to Adolfo Calero?

A I understand, yes.

Q And did you hear back from Colonel North that he had in fact done so?

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A I heard back from him that he had received it, and I think either heard back in that conversation, because there were two, that he had passed it already or would soon do so.

Q To Mr. Calero?

A Right, Mr. Calero and/or colleagues. He was not specific in the question of whether it got to Calero through intermediaries or anything else. It was just never raised.

Q Did he mention the name of Robert Owen to you in any of your discussions?

A I never heard of Robert Owen.

Q First of all, this was a physical document that you took back with you from El Salvador?

A That's correct, a typewritten physical document.

Q That you got from [redacted]

A From [redacted]

Q Now, did this document indicate or did you have any impression of an overall dollar value?

A My impression was that there may well have been a dollar value attached or [redacted] I discussed dollar value, which was in the millions, not in the hundreds of thousands.

Q When you say millions, can you be any more specific?

A Low millions, like one-figure millions -- low one-figure millions.

Q You mean like $1 million or $2 million, not $30 million or $40 million?

A One, two, three, four, five, not 30, 40, 50.

Q And then shortly thereafter [redacted] passed your desk that had the same listing?

A Right. This came in the form of a [redacted] report, what we called [redacted]

Q And you heard nothing more about it?

A Nothing more after that.

Q Did [redacted] ever discuss it with you any further after that?

A To the best of my knowledge, no. [redacted] If he hadn't sought me out, I probably wouldn't have seen him in the nature of my normal social contacts. It's not impossible that we met again, but I don't recall any further discussion. Possibly I saw him and said, well, we passed that on.

Q And during this entire time frame there's no cable traffic that would have been generated by you to reflect any of this?

A No.

[redacted]

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Q Now, let's go on to an area you just touched upon a moment ago. During your tenure as Ambassador in El Salvador there was an operation -- and this is a classified deposition -- there was an operation --

A I hope it is.

Q It is. In fact, it will be classified at Top Secret/Codeword.

There was an operation referred to as [redacted] When you were Ambassador

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to El Salvador, did you have any knowledge of or connection with that operation?

A None whatsoever.

Q So you didn't even know about it?

A No [redacted]

Q And your briefing on the subject, then, was all after the fact?

A Correct.

Q Who briefed you on it?

[redacted]

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DENIED IN
TOTAL

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Q We don't need to trade in just idle gossip or rumors.

A If you have some unidle gossip, I'll talk about it.

Q Are there any of these that you would place any greater credence on than others? Let's put it that way.

A No.

[redacted]

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A The sum total of what I think is the hard information and semi-hard information is contained in a number of cables which I sent to the State Department [redacted] I would say those are much more authoritative than my current recollection, probably a bit more informative, as to what they said to me and what I said to them.

Q And what time frame are these cables?

A Those would all be post-November 1986, post-public revelation.

Q Shortly thereafter?

A A series coming from November, December, January, February, March, perhaps April.

Q Now, when you arrived in Israel as Ambassador in July of 1985, this was just almost the very beginning of the whole series of events involving arms sales to Iran, first by Israel and then directly by the United States. It probably would be simplest if I could just ask you to give me, in an overall form, what information came to your attention as this series of events were unfolding.

I understand that you are not a participant in them and you were not involved in it.

A No, I was excluded.

Q Obviously things would crop up that would be a clue or give some indication that something was happening.

A Somewhere in that period the Israeli newspapers printed a story about Dave Kimche having met a high level American NSC personality in London. Kimche wouldn't admit anything about it and denied the story to the press. They didn't tell me or wouldn't tell me anything about it.

In September of 1985, the Israeli press and the world press carried a story about an aircraft that left Iran, [redacted] and proceeded to land in Israel at Ben Gurion airport for repairs. Then we had information that it left Ben Gurion and went to [redacted] someplace remote, and then maybe later to

But we asked for information on it through Agency channels and were told they had nothing to add and don't ask any more.

Q This was the DC-8?

A The DC-8, correct, a U.S. chartered aircraft. Later on -- and I can't put a time on it -- I had information that Ollie had been in Israel. That is possibly as late as the May Tehran thing in '86. And

Ollie had asked me for help at one stage with an American of Lebanese origin called [redacted]

As a result of Ollie's request I spoke to Prime Minister Peres' staff and asked them if they would facilitate this guy's entry -- that is, not bounce him around at the airport.

Q Excuse me. When was that?

A Well, I can't tell you specifically. Could have been spring or summer of '86. Subsequently, before this thing broke, I had a call from [redacted] on the phone just saying he was in town. He was in Jerusalem. I was in Tel Aviv. He was, I think, crossing the bridge to Jordan, but I'm not certain. And we tried to arrange to get together but our schedules wouldn't work.

He just said I'm [redacted] I said yes, I know who you are and I'd like to have a chance to chat. I think he was asked to be in touch with me in case anything happened to him. But that was all.

But the focus of this was all [redacted] not oriented toward other aspects of this activity. I think that's pretty much sort of what bits and pieces I picked up, just the tiniest traces of activity going on.

Q So, going back to November of 1985, you had no knowledge or information of any kind that Israel was engaged in the sale of HAWK missiles to Iran?

A No. I'll tell you one other piece of information that was given to me was a few hours before Benjamin Weir was released. I was told [redacted] that he was going to be released and that Secretary of State Shultz was fully informed, [redacted] he wanted me to know.

Q Did he indicate that Israel had anything to do with the fact of the release?

A He did not. His statement to me could have come from just good intelligence as well as participation in any activity.

Q So you didn't assume from the fact that you were getting it from him that there was some Israeli role in this?

A I did not, no. In fact, the implication was [redacted]

Q There's been testimony that in connection with

[redacted]

the November shipment of HAWK missiles Israel was going to be looking to the United States for replenishment of its supply. Separate and apart from thinking this had anything to do with hostages, do you recall any discussions or indications from the Israelis during that time frame or shortly thereafter that they were going to be asking for some additional security assistance in the way of HAWK missiles?

A None in the time frame you have talked about.

[redacted]

A After the fact, after the whole thing became public.

Q And you were completely unaware of the May Tehran trip itself?

A Except that I had this possible reflection of Ollie's presence in Israel around or about that time, which I then later connected back possibly to the May

Tehran visit.

Q Did you have any discussions with North when he was in Israel?

A Absolutely not. I mean, he went out of his way to make certain nobody knew.

Q Did you know at that time or were you asked to facilitate in any way the presence of General Secord and his group?

A No.

Q Who remained in Tel Aviv while the party went on to Tehran?

A No.

Q And certainly you had no indications from Mr. McFarlane that he was passing through or in the region?

A No.

Q Then the events that took place in August, September, October of '86 having to do with the further sale of TOW missiles that led to Jacobson's release, you had no contemporaneous information?

A No. The only thing we were aware of was these numerous stories of Danish ship deliveries which were appearing in the press around about that time.

Q Is there anything else you can think of to add about anything that came to your attention that has anything to do with the developing Iran arms transaction?

[redacted]

A Not in a before-the-fact sense.

MR. SMILJANICH: Those are all the questions I have. Mr. Fryman may have some.

MR. FRYMAN: I have no questions.

MR. SMILJANICH: Okay. That will complete the deposition, sir. I want to thank you for making yourself available to both Committees. We appreciate your information and we will have a transcript prepared of this.

(Whereupon, at 9:11 a.m., the taking of the instant deposition ceased.)

____
Signature of the Witness

Subscribed and Sworn to before me this __________ day of __________________________, 1987.

____
Notary Public

My Commission Expires: ______________________________

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CERTIFICATE OF REPORTER

I, MICHAL ANN SCHAFER, the officer before whom the foregoing deposition was taken, to hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by me; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Schafer

Notary Public
in and for the District of Columbia

My Commission Expires: February 28, 1990

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Partially Declassified/Released on 17 July 1987
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by B. Reger, National Security Council

DEPOSITION OF JOHN M. POINDEXTER

Saturday, May 2, 1987

United States Senate,
Select Committee to Investigate Covert
Arms Transactions with Iran,
Washington, D. C.

The Committee met, pursuant to call, at 9:05 a.m., in Room 901, Hart Senate Office Building, Arthur Liman presiding.

On behalf of the Senate Select Committee: Arthur L. Liman.

On behalf of the House Select Committee: John Nields and George Van Cleve.

On behalf of the Witness: Richard W. Beckler and Joseph T. Small, Jr., Fulbright & Jaworski, 1150 Connecticut Avenue, N.W., Washington, D. C. 20036.

Also present: Senator Rudman, Representative Stokes, and Representative Courter.

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MR. LIMAN: Why don't we go on the record.

MR. RUDMAN: We will go on the record.

This is a proceeding before the United States Senate and the United States House of Representatives, the Select Committees representing both bodies; represented here in the Senate by myself, Warren Rudman of New Hampshire.

MR. STOKES: Louis Stokes of Ohio.

MR. COURTER: Congressman Jim Courter from New Jersey from the House.

MR. RUDMAN: I think what we will do at this time is I will administer the oath to you for this proceeding and then we will go through a couple of procedural matters, and then the two Congressmen and I, under our previous agreement, intend to leave.

Would you please stand and raise your right hand?

(Witness sworn.)

MR. RUDMAN: Thank you, Admiral.

Arthur?

Whereupon,

ADMIRAL JOHN M. POINDEXTER

was called as a witness and, having been first duly sworn, was examined and testified as follows:

EXAMINATION BY COUNSEL FOR
THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q Admiral, have you received a subpoena from the Senate for the production of certain records?

A I have, sir.

Q Do you have any of those records with you?

A Yes.

Q Would you produce them?

A I have them with me, but at this point, I decline to turn them over based on my constitutional rights under the Fifth Amendment.

MR. RUDMAN: Admiral Poindexter, in this proceeding, the United States Congress, the Senate and House committees, have applied to the United States District Court for an order granting you limited use immunity to compel your testimony before this proceeding this morning. I will hand you a copy of this order, which I believe your counsel have both read, and it will be incorporated into the record at this time.

(The order follows:)

(COMMITTEE INSERT)

MR. BECKLER: Is there an order from the House?

MR. RUDMAN: This order was --

MR. LIMAN: The questions, the production at this point will be to the Senate. The House is bringing over its copy, which has been signed this morning by Judge Robinson.

MR. BECKLER: You mean before we start the questions --

MR. LIMAN: Before the House puts any questions to you, you will have their order and their direction. There is an order. They can give you the same direction and you will have the order before you respond to any questions from the House.

MR. BECKLER: Are they coming over here imminently?

MR. LIMAN: They are coming over imminently.

BY MR. LIMAN:

Q Would you produce the records?

MR. BECKLER: Yes. Let me just make a statement here, Arthur.

We are turning -- Admiral Poindexter is turning over these records to you by previous agreement with your committee, one of our committee's counsels, Mr. Belnick. We told him we would be carrying this material over. There were several boxes of other material, not necessarily relevant, but which are available for your inspection at any time.

MR. LIMAN: Fine. You understand you are being -- you are producing these under the direction that has been given by both the Senate and the House pursuant to the order of limited use immunity?

MR. BECKLER: Yes. We are producing these pursuant to the order of use immunity.

MR. LIMAN: I want to put a question.

BY MR. LIMAN:

Q Admiral, are you familiar with any of the sources of funding for the contras after the Boland Amendment was adopted in October of 1984?

A Mr. Liman, I respectfully decline to answer that under the -- my constitutional privileges.

MR. RUDMAN: Admiral, under the order that has been produced for compelling your testimony under a grant of limited use immunity by the United States District Court obtained by both the United States Senate and the United States House of Representatives, I direct you on behalf of the Senate to answer that question.

THE WITNESS: Yes, sir.

BY MR. LIMAN:

Q You understand, sir, that you are going -- you are being directed to answer all questions that are responsive to our inquiry?

Would you give him that direction, Senator?

MR. RUDMAN: I would simply state that I would now direct you at this time to answer all questions put to you by counsel during the course of this proceeding pursuant to that order.

MR. LIMAN: So, for the purpose of this proceeding, you will be deemed to have asserted your constitutional right to all questions and to have received the same direction from Senator Rudman and from the House.

MR. BECKLER: I would state for the record, not only pursuant to an order of immunity but pursuant to a subpoena calling for our appearance here this morning, issued both by the House and the Senate.

MR. RUDMAN: I believe that before proceeding, in order to keep the record perfectly clear, that Congressman Stokes and Congressman Courter join me in directing you answer on behalf of the House of Representatives and the appropriate order which has been signed and will be produced this morning.

I believe, pursuant to the agreement, unless Congressman Courter or Congressman Stokes have any comments to make, under agreement with counsel and the Independent Counsel, I think Members of Congress are now going to withdraw.

MR. COURTER: Before we withdraw, I would just like to say that I have been here as a Member of the House of Representatives and duly appointed, and I concur in the representations about the fact that the House is similarly situated as the Senate and we have the same understanding with regard to all of the proceedings, and our order will be here forthwith.

MR. BECKLER: Thank you.

MR. STOKES: I would concur in the remarks made by my colleague, Mr. Courter.

MR. BECKLER: Thank you, Mr. Congressman.

MR. RUDMAN: Thank you, Admiral.

(Discussion off the record.)

(Senator Rudman, Mr. Stokes and Mr. Courter withdrew from the room.)

MR. NIELDS: Admiral Poindexter, I am presenting you with the order of immunity issued by the court today, pursuant to which the House will compel your testimony under immunity.

MR. LIMAN: He's already received directions to answer from the Members.

MR. NIELDS: I understand. I met them on the way out.

MR. LIMAN: Can we mark as Exhibit, Poindexter Exhibit 1 a group of handwritten notes that were just produced by Admiral Poindexter.

They begin with Bates numbers that start with 1 and end at 41.

(Poindexter Exhibit No. 1 was marked for identification.)

BY MR. LIMAN:

Q Can you identify what Poindexter Exhibit 1 represents?

A Yes, I can. They are copies of pages, pertinent pages out of a five-by-seven loose-leaf book that I used to keep my personal working notes. It covers the time period of roughly September, '85, through April, '86.

This was a notebook that I carried in my briefcase and in my files that are left in the White House, you should have access to previous pages out of that notebook.

When I first came to the White House, I started keeping notes on steno pads. Sometime -- I forget what year it was -- I changed over to this black notebook. I kept notes in it until April of '86. In April of '86, my deputy became ill with cancer. I found that I was so busy that I quit keeping notes with the exception of a yellow pad, and those pages from that yellow pad that I would have used to brief the President on should be in my files in the White House.

Q So that --

A When I left the White House in early December, '86, the black notebook was in my briefcase. That's why I happen to have these.

Q So that the Exhibit 1 represents all of the notes that you have in your possession responsive to our subpoena?

A All of the handwritten notes. The other material you have there is the other material I have that's related.

But this represents all of my handwritten notes from my work book.

MR. BECKLER: For the record, so it is clear, of course, those notes have been redacted. Material that is not responsive to the subpoena have been redacted out.

MR. LIMAN: Did you do the redaction?

MR. BECKLER: Myself, Joe Small, and two other members of our law firm did the redaction. As we made clear, John, for your benefit, before you came in, that material -- the unredacted portion, if you will, could be made available for inspection by some appropriate security officer, whenever you want to do it, as well as, once again for your benefit, John, memorabilia-type material.

THE WITNESS: As you can tell, my notes in my personal notebook are very cryptic, often, and they were meant at the time as reminders to do things rather than as a record of what happened.

BY MR. LIMAN:

Q Did you in the period that you were deputy to Mr. McFarlane take notes at the morning briefings with the President?

A I would, and in fact, some of the notes that are in here would fall in that category of comments that I had written down; but I did not in those morning briefings with the President, I generally did not take long, detailed notes. They were more topics covered or questions that were asked that needed to be followed up on.

Q What was the purpose of taking the notes?

A Just simply to -- if we wanted, to check back in the future to see if the President had been briefed on some particular item or more often than not, it was an action list for me of things to follow up on. If the President would ask some question or the Vice President or Don Regan, and who was often there would ask a question.

Q Were the notes intended by you to memorialize decisions that the President made?

A No.

Q Or action that was taken?

A Generally -- if we were going to present the President with a decision at the 9:30 meeting, we would have a separate paper and a memo associated with that particular issue which would be presented to him. So his decisions on most issues were handled by paper, often presented and discussed at the 9:30 meeting.

Q How did you decide what you would record in the notes and what you wouldn't?

A It was a judgment call. It would depend on how much I was participating in the discussion. I frankly find it difficult to participate in a discussion and take notes; and later on when I became National Security Adviser, what I would do is before the 9:30, I would make up an agenda of items that I wanted to discuss with him and then actually during the meeting, I took very few notes.

Q Did you ever destroy any of the notes that you took of the meetings with the President?

A To the best of my recollection -- I suppose it's conceivable at some point, but not related to your area of inquiry. There should be -- again in the files in the White House or the NSC, meetings -- not so much 9:30 meetings, which again was an informal time, but at NSC or NSPG meetings, if I took any notes, those should be in the files that are left in the White House.

MR. BECKLER: To state for the record, if I may, the Admiral, of course, has not had access to all his records since he left the White House.

BY MR. LIMAN:

Q Admiral, were there occasions in the morning briefings when you chose not to make notes because the subject was one of particular sensitivity?

A Yes. That is certainly the case.

Q Give me examples of a topic that you would not want to put in your own notes.

A Well -- let me go back a moment. Generally I felt that any time we put anything on paper, even if they were personal notes, that it increased the risk of leakage; and during the period of time that I was in the White House from 1981 to -- through 1986, the administration was damaged very many times by leaks. We considered leaks a major problem. To avoid them, my general policy was to commit as little to paper as possible. I think the staff understood that and I generally followed that practice. Every time we put something on paper, invariably it leaked out.

Q Where did you keep your notes?

A In my office. I had a two-drawer safe in my office. Then I had a safe at home and so my notes would either be in my office safe or in my briefcase or in the safe at home.

Q I am going to mark as the next exhibit -- and I will staple them. I will ask you, are they, are there three pages here all part of the same document, or is it the first two? Then I will mark it.

A They are all part of the same document.

MR. LIMAN: I will mark as Poindexter 2 three pages which bear the Bates No. 42 through 44. The first page is headed "Operation Home Port Code Sheet."

(Poindexter Exhibit No. 2 was marked for identification.)

BY MR. LIMAN:

Q Can you tell us what Exhibit 2 represents?

A Yes. These are copies of I believe two three-by-five cards. One three-by-five card has material on both sides. It is an operational code that Colonel North gave me that he would use if -- when he was traveling overseas or had to talk to me over a non-secure line about sensitive projects he was working on. This is primarily related to the Iranian project.

Q Is that what Project Home Port stands for?

A I frankly had forgotten that Colonel North was --

Q That is a North word?

A That is a North word. I didn't give it that name. If he had called me -- actually, in reality, I never use it. I carried it in my briefcase in case I was sometimes out of the office, at home or some place, and he called and wanted to talk about a sensitive issue over a non-secure line.

Q Who wrote Sampson Secord?

A I did.

Q Did you think of Secord as Sampson?

A No, not really. As I recall, I wrote that at some point, because as I look down the list, I see Secord's name isn't there. What are you calling him? Colonel North told me Sampson.

Q Do you recall when it was that this was prepared?

A Oh, boy. I really don't recall, Mr. Liman. It would have been probably sometime in '86.

Q Was --

A I frankly don't recall.

Q Was it also used to communicate on matters relating to the contras?

A That's why I was studying it a moment ago. I frankly had forgotten whether there was anything contra-related on it.

Colonel North did have a -- he did use similar operational codes for his efforts with the contras.

Q Did you have one?

A I don't recall having one of those. I possibly could have at some point, but I -- if such a thing existed, it would either be with material I left at the White House or it could have been destroyed some previous time. I did not have anything like that when I left the White House.

Q This does not appear to me to have any of the names of the Central American countries.

A In Colonel North's coordination of the Central American effort, he was in contact with the democratic resistance leadership, often over non-secure telephone lines. I believe he used a similar type operational code.

MR. BECKLER: May I have a second, counsel?

THE WITNESS: Back to one of your earlier questions about destroying personal notes related to this, when I left the White House in early December, I had with me a copy of this exhibit right here that you are going to get to. Maybe I ought to explain it when we get to that.

MR. BECKLER: You can explain it now.

MR. LIMAN: Why don't we put it as exhibit -- is this the document you just pointed to?

THE WITNESS: Yes.

MR. LIMAN: Mark this as Poindexter Exhibit 3.

(Poindexter Exhibit No. 3 was marked for identification.)

MR. SMALL: Would you note the pagination on it for the record? It is pages 53 through --

MR. LIMAN: Go off the record a moment, please.

(Discussion off the record.)

MR. SMALL: We can go back on the record.

It would be pages 53 through 75.

THE WITNESS: To finish up the point I wanted to make going back to one of your earlier questions, Exhibit 3 -- when I left the White House in early December, I had a copy of what we have now -- you have now marked Exhibit 3. I had that when I retained my attorneys and started -- I am sure we will get into the chronology more later. I had never had an opportunity to go thoroughly through the chronology before I left the White House. In going through it, in talking to my attorneys, I made some marginal notes on the copy that I had in discussion with my attorneys.

At some point in the early weeks of December, in discussions with my attorneys, it was decided that it would be better to return that document to the White House and ask the White House to transmit to me formally these documents. That resulted in this --

BY MR. LIMAN:

Q In the December 5, 1986, letter?

Mark that as Exhibit 4.

A When I returned the copy of the chronology, Exhibit 3, to the White House, I asked that it be destroyed. I assumed that it was, but I don't know that for a fact.

Q Did you ask it to be destroyed because it had notes of conversations or reflecting your discussions with your attorneys?

A Exactly, sir.

(Poindexter Exhibit No. 4 was marked for identification.)

BY MR. LIMAN:

Q Exhibit 4 is a document addressed to Peter Wallison, counsel to the President, from Paul Thompson, and it reflects a request that you made.

Is this the request that you are talking about?

A That is correct.

Q And if we marked as Exhibit 5 -- that is a chronology that has Bates No. 50 through 52.

(Poindexter Exhibit No. 5 was marked for identification.)

THE WITNESS: Mr. Liman, on Exhibit 5, you have a -- this is a copy of the document that I have. The document -- the copy that I have still in my possession has some notes between some of these lines that I took in discussions with my attorneys in working on the situation and those lines have not been reproduced here.

BY MR. LIMAN:

Q So those were redacted by you?

MR. BECKLER: Those were redacted by us, notes taken during the course of discussions with his counsel in preparing for testimony here and elsewhere.

BY MR. LIMAN:

Q Is Exhibit 5 one of the documents you got as a result of your request to the NSC to return a chronology to you?

A That's correct.

Q So my understanding is correct, you made the request for chronologies and other material that is reflected in the Poindexter Exhibit 4, and in response to that you received Poindexter Exhibit 3; am I correct?

A Correct.

Q You received Poindexter Exhibit 5?

A Correct.

Q And you also received the testimony of Mr. Casey?

A That's correct.

Q And we will mark that as Exhibit 6.

(Poindexter Exhibit No. 6 was marked for identification.)

BY MR. LIMAN:

Q Did you also receive the letter from Chairman Hamilton of November 25, 1986, in response to your request to Commander Thompson?

A That's correct. I would like to point out one thing. The letter says enclosed is a transcript. I did not get a copy of that transcript.

Q What you got were the questions that are reflected here?

A Right.

Q Mark that as Exhibit 7.

(Poindexter Exhibit No. 7 was marked for identification.)

MR. LIMAN: I am sorry to take the time, but I think so we understand your notes and it may facilitate understanding others that may still be in the file, I would like to just go over Exhibit 1 with you for a moment.

BY MR. LIMAN:

Q If I look at the page that has the Bates No. 1, it is dated 9/5/85, and has on the top of it ODSM. What does that stand for?

A ODSM means Office Directors' Staff Meeting. Every working day I had a -- and before me, Mr. McFarlane, before him Judge Clark, we started in about 1983 to have an NSC staff meeting every morning at 7:30 in the Situation Room. It was called the Office Directors' Staff Meeting. It was not the entire NSC staff, but a senior person from each of the offices.

Q This represents a note that you made on the date that is put on top, 9/5/85?

A That's correct. They would either be notes that I made during the staff meeting or notes that I made just prior to the staff meeting to remind me to ask a particular question.

Q The square block beside the note means that it is some sort of action item, and when it is X'ed out, it means the action item was done, or in some cases, it could mean it was OBE, overtaken by events.

Q Let me look at 3, Bates No. 3. That reflects a note taken on September 25, 1985?

A That's a peculiar one.

Q It's placed in the book next to a note that is dated 9/23/85 and one dated 9/12/85. So I assume it is 1985?

A It would be 1985.

Q What does it reflect?

A It reflects that in a meeting with the President on the 25th of September, 1985, I made a note to myself that the Vice President at that point was unaware that the President planned to meet with some hostage families on Friday of that week, and the note was a note to myself to remind me to tell the Vice President about it after the meeting was finished. It's not X'ed out. So I can't be sure I told him.

Q If you had put an X out, that would mean that you had fulfilled the purpose of the reminder?

A That's correct.

Q I take it that the note which is -- bears the Bates No. 4 reflects your meeting with the President on that date?

A That's correct.

Q I just want to go through and see if I understand them.

If I look at Nos. 7 and 8, No. 7 just has the ODSM letters on it and a date 11/15/85; and on the next page, there's just a reference to a memo to Bud [redacted] What does that mean?

A What that means is that I wasn't entirely consistent in dating things as they happened, and as I went through the notebook with my attorneys to decide what was relevant to the subpoena, in order to put a note in a time frame, the next previous entry that had a date on it was included here for you to indicate the approximate time frame that the note in question was taken.

Q Let me see if I understand it. So 007, which just has ODSM, is a redacted page of a meeting of that group on November 15, 1985?

A Correct.

Q It was redacted to eliminate entries that were not called for by our subpoena?

A Correct.

Q Then the next page, which is 8, was a page which had no date on it; is that correct?

A That's correct.

Q So you included the prior page so that we would have a time context when we looked at 008, which is memoed to Bud [redacted] is that correct?

A That's correct.

MR. BECKLER: The only amendment I have to make is that it may be 008 is not the next page.

MR. LIMAN: I understand.

MR. BECKLER: It's the next relevant entry to the subpoena. When we went back to pick up the nearest previous date.

MR. LIMAN: So if, for example, there were three pages before 008, but they didn't have a date on them --

MR. BECKLER: Or relevant entry.

MR. LIMAN: Or relevant entry, they wouldn't be included. What you did was go back in time to the entry that had a date and that's what you included?

MR. BECKLER: That's correct.

THE WITNESS: That's correct.

MR. NIELDS: May I inquire?

Did you also include the next succeeding date?

MR. BECKLER: I don't believe so.

MR. SMALL: Not unless it included relevant information.

MR. NIELDS: Then I need to ask this question: Was there an entry for every date or almost every date?

THE WITNESS: That's a subjective judgment.

At this point, without going through the notebook, but I would say that most working days, Monday through Friday, when we had the ODSMs, the ODSM was the thing that I most likely made some sort of entry on each day; but some days I would forget to bring my notebook down and it would be on a loose piece of paper, I might make some notes.

BY MR. LIMAN:

Q In general, there were daily notes for the week days; is that a fair statement?

A That's correct.

Q When you looked at the dates that precede the notes that you have here, they are -- in your opinion -- in close proximity to the note that you have undated?

A That's correct.

MR. NIELDS: Would it be true in your judgment on most occasions -- well, let's just take Nos. 007 and 008 of Exhibit 1. I take it it would be your best judgment that the note on page 007 related to the 15th of November?

THE WITNESS: The way I would explain it, Mr. Nields, is that the note on page 8 was shortly either on the 15th or shortly within a day or two after the 15th.

MR. NIELDS: Could you make available to us the redacted page with the next succeeding date written on it?

MR. BECKLER: Yes.

THE WITNESS: I don't have any problem with that.

BY MR. LIMAN:

Q Admiral, when it says on 008 "memo to Bud [redacted] [redacted] can you tell by looking at that whether that means a PROF memo?

A My best recollection, placing this in the time frame of the 15th of November, is that Bud was in Geneva. McFarlane was in Geneva with the President at the Gorbachev summit. I probably wrote this note as a reminder to task Colonel North to prepare a memorandum for Mr. McFarlane on [redacted] The X means I told Colonel North to do it.

Q If I look at Bates No. 10, there is no date on that. But I see there was an entry that was relevant on 11/25/85; is that correct?

A Correct.

Q So there would not have been another date with -- between that 11/25/85 and the undated entry which is No. 10?

A That's correct.

May I volunteer something here?

Q I am looking at 11. Right.

A In terms of understanding my notebooks, senior staff meeting was the meeting that Don Regan had at 0800 every weekday; and sometimes I took notes at that meeting if there was something in our area being discussed.

Q What is -- on 12/5/85, I see DOM. What does that mean?

A At some point --

Q That is No. 12.

A That is the same meeting, the senior staff meeting. At some point apparently in that general time frame, the senior staff meeting was changed to daily operations meeting.

Q On 12 -- following that 12/5, there's something, "meeting with President, Iran finding." Am I correct?

A That is correct.

Q That would mean since this one has no date, that it followed in very close proximity to December 5, 1985?

A Yes, sir. That's correct.

Q I want to come back to this in some more detail.

A I understand.

Q That will be later.

Can you tell me now what it means?

A That means that this was the -- probably the day after the President named me to succeed Mr. McFarlane as the National Security Adviser. The President announced that, I believe, on the 4th of December, '85.

So on the 5th, it would probably have been the first day that I was directly responsible for the 9:30 meeting with the President.

The note here -- the redacted note -- is a list of items that I planned to discuss with the President at the 9:30 meeting, and one of the items that I wanted to discuss with him was the Iran finding. There are several other entries that are unrelated to your subpoena on that day. The asterisk meant that it was something -- an item I wanted to be sure, although not the first item on the list, it was the one I -- it was -- I wanted to be certain that I covered it. I can't be sure that I talked to him about it, because of the fact that I don't have any other entry there.

I am confident that most likely I did discuss the -- a finding on the Iranian project with the President and it was probably on the 5th of December.

Q I'm going to want to go into more detail about that. I hope you have a good recollection on it.

A I'll try.

MR. BECKLER: May I interrupt and ask you a question?

MR. LIMAN: Yes.

MR. BECKLER: In terms of the transcript, are you going to make it available to us? The reason I asked, you make it a lot easier on me.

MR. LIMAN: I am going to seal it for the time being just so we don't get it out. At some point, I will take that request seriously.

I am not trying to play games. I do generally let counsel come and inspect the transcript and the witness, obviously.

BY MR. LIMAN:

Q On 20, it says "Talk to the President." Does this mean the briefing?

A No. This note is a little bit different. You want me to explain what that note is?

Q Yes.

A On -- well, the holiday season, Christmas season, of 1985, the President was in Santa Barbara on his ranch. My -- as I recall, my deputy was out there with him at the time. I was back in Washington, in order to have some time to think about how I was going to run the office and having just taken over as National Security Adviser.

The page 20 that is headed with the inscription "Talk to the President," is a list -- it's a relatively long list of items that I made up probably on the way to the West Coast on an aircraft of things that I needed to talk to the President about in the next few days. One of the items that I wanted to talk to him about was an Israeli proposal that had been made to me by Amiram Nir, the special assistant to Prime Minister Peres/ on terrorism. Nir had come to see me on the 2nd of January. Those notes that you have there are the notes of items that Nir covered in his conversation with me and that I wanted to cover with the President.

Q Let me ask you on one item here, it says "covert finding." This is on 22. "Already pregnant for 500." Okay. Do you want to tell us what that means? Save my friend here a question.

A What that means is I wanted to discuss with the President a refinement of an early version of the finding and I wanted to -- as we will get to, I am sure, the finding went through several versions. I was never happy with the earlier version, and I wanted to get a broader finding in which we clearly laid out all of our objectives.

Q Admiral, was the earlier finding signed?

A It was signed.

Q It was signed?

A It was signed.

Q Thank you.

A Already pregnant for 500 means that we had already -- at this point, let me say agreed or acquiesced to the shipment of, at that point, we thought it, was 500 TOWs. As it turns out, it was probably 508 TOWs in

August and September of 1985.

Q But I take it -- and I don't want to put words in your mouth, and I know you will not hesitate to tell me I am wrong. "Already pregnant for 500," what that means is you had already approved the 500 sale. Here Nir was proposing a much larger sale, and that's what the reference was?

A That's correct.

Q And we will cover this chronologically as we go. Is 23 part of this same note? No. This says Saturday, January 4.

A Yes. In fact, this note is a very puzzling one. I am not, without access to other records, I'm not really able to explain what that means. But this was -- this is actually on a separate page. It is unrelated to --

Q It says "interaction with hostages"?

A Yes. I rather think what it was -- and again, I'd have to go back, but at that point, we were working on some -- I can't think of the right word -- sanctions against Libya, because of their involvement in terrorist activity.

The note "interaction with hostages," at the time we were worried about what impact our sanctions on Libya might have on the hostages.

Q If you don't mind, I would really like to go and start a little earlier.

MR. NIELDS: That's fine.

BY MR. LIMAN:

Q One other document I did not mark -- would you mark as Exhibit 8 the final group of papers that the Admiral produced which bear the Bates No. 46 through 49.

(Poindexter Exhibit No. 8 was marked for identification.)

BY MR. LIMAN:

Q What is Poindexter 8?

A It is a copy of a printed version of a PROF note I sent Mr. McFarlane on the 23rd of November, 1984.

Q Why did you happen to have it with you?

A Because I had it with, what I call, my memorabilia. It was a note to Mr. McFarlane at the -- after the Presidential election in November of 1984 in which I was describing to Mr. McFarlane my views on how we generally ought to proceed in the next term.

And at that point, both Mr. McFarlane and I were individually considering whether we would offer to ~~say~~ stay on into the next term with the President. Those are some personal views of mine to him.

I kept them because, frankly, I was proud of my analysis as to why I thought we both ought to stay and how we ought to proceed.

Q And there was some rather trenchant criticism of some cabinet officers there?

A There is. It is obviously a very sensitive memo I would not like to see made public.

Q I take it that is one of the reasons that you kept it as a personal paper?

A That's correct.

Q Is it fair to say that when you and Mr. McFarlane were discussing whether you could, you should stay on, one of the factors was the conflict within the cabinet?

A That's correct.

Q And it was a matter that was bothering both of you?

A That's correct.

Q Which brings us to how the NSC ended up with such grief as it had in the contra matter.

Admiral Poindexter, do you recall that in the fall of 1983, Congress appropriated $24 million for aid to the contras?

A Yes. I don't remember that precise date, but I do recall that they did appropriate some money.

Q I will represent to you it was $24 million.

A Fine.

Q Do you have a recollection at all, Admiral, that it was known the $24 million would not last the whole year and the administration would have to go back for more money?

A Well, I don't recall specifically remembering that, but let me just say in general, we had a constant battle with the Congress in getting funds that we thought were required in order to bring about a resolution of the situation in Nicaragua. The President's policy was to prevent the consolidation of a communist government on the mainland of the Americas and to do that, we thought the most effective way of doing it was to support the democratic resistance down there, commonly called the contras.

We wanted to be able to provide them all sorts of assistance, including military assistance. I can't recall right now whether the $24 million is what we asked for. I rather think we probably asked for more.

Q You always do.

A Yes. Or at least if we didn't ask for more, we wanted to ask for more but thought that the traffic would only bear $24 million.

Q Do you remember, Admiral, that at some time in the -- in 1984, in the winter of 1984, you became aware that the amount that had been appropriated for the contras would be running out in around May or June?

MR. VAN CLEVE: Excuse me. So the record is clear, you said the winter. I think you meant the spring.

MR. LIMAN: I think they did it in the winter.

THE WITNESS: You are talking January, February, '84?

BY MR. LIMAN:

Q Yes, that you received information the funding was not going to last through the year?

A I won't refute that, but I frankly can't remember.

Q You need the documents to refresh yourself?

A Yes.

Q Do you remember --

A We no doubt did, because -- I'm not sparring with you. I simply can't remember that time frame very well.

But we were concerned very early on that we didn't have really enough money to provide the kind of assistance that we thought was necessary.

Q Who is we?

A Well, I think it was Mr. McFarlane, it's me, it's Colonel North, who is working the issue. Probably the President, Secretary of Defense. I'm not sure in that time frame I could speak for the Secretary of State. But Director Casey probably felt that way. Generally the Executive Branch of Government felt that we didn't have enough money to do what was needed.

Q Did you participate in meetings of the Legislative Strategy Group at the NSC?

A Sometimes. But the -- the Legislative Strategy Group was not an NSC organization.

Q A White House organization?

A It's a White House organization. Originally set up by the -- the concept was set up by Jim Baker when he was Chief of Staff. The membership was somewhat movable in that it was always the Chief of Staff, the Assistant to the President for Legislative Affairs. If it was a piece of legislation that we were working on that involved national security, then the National Security Adviser was there. Once in a while, the responsible cabinet officers would be there.

Q Were there any --

A In addition to the Legislative Strategy Group, of course, we -- the NSC staff did their homework prior to these meetings. So we would have some internal meetings of our own.

Q Were there discussions of how to make up whatever shortfall there would be in contra financing?

A There probably were, but let me put this into context. Until -- well, from October of '83 until January of '86, I was the Deputy National Security Adviser. Although we didn't -- Mr. McFarlane and I didn't have a formal -- and by that I mean spelled out in some sort of paper, our division of responsibilities, but generally my responsibilities were in the area of chairing various interagency groups such as the Crisis Preplanning Group, the Terrorist Incident Working Group, later on when we established the Planning and Coordination Group. These were all interagency groups that consisted of membership from all of the departments and agencies involved in national security at the deputy or under secretary level of Government.

I, as deputy, also handled most of the routine paperwork, only referring to Mr. McFarlane those issues that had to go to the President or to Congress. He handled all of the congressional activity for the while he was the National Security Adviser. A lot of these meetings of the Legislative Strategy Group on the question of the legislation for the contras, I did not participate in directly. And so the information I have is based on reports and --

Q Even secondhand, what were you told as to how you were going to make up the shortfall?

A In the time frame you are asking about, I can't be any more specific.

Q Let's broaden the time frame. From the time that the contra funding was running out in 1984 until $100 million was appropriated by Congress in 1986, what were the discussions that you were aware of as to how to make up the shortfall?

A Thinking back over that time period within the past few months, and trying to reconstruct in my mind what happened, my first recollection is that at some point in 1984 -- frankly, when I try to think back on it, I can't recall whether it was '84 or '85, but it was probably in '84 -- Mr. McFarlane told me that [redacted] was willing to provide -- I believe the figure was $25 million over a period of time.

MR. BECKLER: Let me interrupt on that point. The purpose of this closed session, the Admiral has no problem giving that sort of information to you. When we get to an open public session, you may have to have a discussion about that, because it is still the position of the Admiral -- and I am -- that certain matters, though public, though they have been made public, take on a different context when they are announced publicly.

MR. LIMAN: The issue of the contributions that were made by different states is one that we are discussing with the relevant authorities in terms of the public disclosure issue. This is a closed session. Let's proceed.

THE WITNESS: Could I just add one point?

BY MR. LIMAN:

Q Right.

A My concern is it seems to me there is a difference with -- between speculation in the press or even reports in the press that, for instance, [redacted] contributed money. There is a difference between that kind of disclosure and having me --

Q Make an official confirmation?

A -- make an official confirmation.

Q You are not going to be one of the first witnesses. This issue will be resolved before we get there.

A Good.

Q Go ahead.

A I tried to recall that conversation with Mr. McFarlane more precisely. That's really all I can recall.

Q Were you present at any briefing with the President where Mr. McFarlane communicated that information?

A I may have been, but I don't remember that. I tried to recall. It is certainly my impression at this point in time that I was always operating under the assumption that Mr. McFarlane had briefed the President on [redacted] contribution.

Now, with regard to the question as to whether it was solicited or whether he offered it, I unfortunately can't resolve that in my own mind.

Q You weren't present?

A I was not present for the meeting.

Q Were you asked to -- ever, to solicit any funds from any third countries?

A In early 1986, I had several discussions with Director Casey and Secretary Shultz about identifying third countries that might be willing to contribute funds to the support of the democratic resistance. Out of those discussions came the decision that the Secretary of State made to approach the Sultan of Brunei. So although -- I don't think I could say that anybody ever asked me or told me to solicit funds from a third country, but I was certainly involved in discussions about doing that; and, in fact, I instigated or encouraged the review as to what were the various possibilities in early 1986.

Q What were the various possibilities of getting funding?

A That's right. From third countries. We considered a whole range of countries.

Q You considered [redacted]?

A [redacted] was one. We thought about --

Q ?

A We thought about [redacted] We thought about Israel. We thought about South American countries.

Generally, we covered to some degree most of our allies around the world in thinking about who might be willing to contribute.

Q Who were the we?

A Well, as I said, I had discussions with Director Casey about it; also with Secretary Shultz; Elliott Abrams called me at one point and said that they were pretty well settled on Brunei as a good possibility.

Secretary Shultz was going on a trip out to Southeast Asia in that time frame and the question was whether or not -- the question that Elliott Abrams and the Secretary were working on at the time was whether the Secretary should approach the Sultan of Brunei. It was my understanding that he had decided to do that, as I recall, and this may be since I left the White House and have read about it in the paper or someplace. My understanding is that Secretary Shultz didn't, but that the State Department directed our ambassador to Brunei to ask the Sultan at some point after that.

Q At the time --

A Just to follow more on Brunei, the conversation that I can recall with Secretary Abrams was when he called to tell me that they had pretty well settled on Brunei, he asked if the Sultan agreed, how do we get the money to the democratic resistance; and I asked that he talk to Colonel North about those details.

Q Can you tell me --

A Now, one more point.

Q Fine.

A I think -- at least my impression at this point is that the subject of third country support was probably discussed during that time period in a restricted IG, which was the interagency organization that was set up probably '81 or '82 to manage the U.S. Government's program in Central America.

Q Were you on that RIG?

A No. I was not on that IG.

Q Who was on that RIG?

A Initially -- well, Colonel North would be my straightforward answer, but I am not certain whether he started out when the RIG was first step up in the early years or not. Certainly at some point in '82 or '83, Colonel North became the NSC representative on the restricted IG.

Q To whom did Colonel North report on the activities there?

A Colonel North's position was in the -- wasn't this way in the very beginning, but at some point in -- after Bill Clark took over in '82, we formed an office called the Political Military Affairs Directorate. Colonel North was one of the officers in that directorate. It was designed to have a group of political/military experts that would operate as a member of a team on the -- most all issues that the NSC staff addressed were handled by a group of people from the NSC staff, a representative from the regional office, a representative from the Political Military Affairs Office, if there was any military aspect to the office, and usually a representative from the Public Diplomacy Office, maybe the Intelligence Office if it was an intelligence or covert action.

But we may have -- there may have been other NSC members attend those restricted IG meetings, but the way I looked at it, I looked to Colonel North as being our representative over there.

The original head of the Political Military Affairs Directorate was Mr. Don Fortier when I was deputy. Eventually he moved up to be my deputy when I became the National Security Adviser. We operated for a period of time in '86 without a head of the Political Military Affairs Office.

Eventually, at some point in '86, I made Mr. Howard Teicher the head of the Political Military Affairs Directorate. So technically, that was the chain of command. We had Colonel North in the Political Military

Affairs Directorate. There was a head of that most of the time. Then above him you had the deputy and then the National Security Adviser. But as I am sure it has been obvious to you, Colonel North worked on a lot of very sensitive projects. On Central America, when Mr. McFarlane was there, Colonel North reported really directly to him, keeping me generally informed of what he was working on and when I became National Security Adviser, I had the same sort of arrangement and it was understood by the intervening people in the chain of command that Colonel North had direct access to the National Security Adviser.

Q That brings me to a question. Do you recall that you gave Colonel North a code word that he could use to communicate directly with you?

A It is a poor choice of words.

Q It was "blank check"?

A "Private blank check."

Q What occasioned you --

A What does it mean?

Q No. What occasioned you to give him that?

A One of my first responsibilities when I first came to the NSC staff as military assistant to Richard Allen when he was the National Security Adviser was to bring the NSC staff into the modern technological age. When I came, we didn't have any computers. I think there were one or two mag-card typewriters on the entire staff. So eventually, to make a long story short, we installed this professional office system which is -- it is an IBM product. Eventually practically every staff member on the NSC staff had a terminal. The terminals were connected up to a mainframe operated by the White House Communications Agency. Each staff member had the ability to send and receive electronic messages.

One of the reasons we put that in was that I found that we were wasting a terrible amount of time playing telephone tag trying to communicate on the staff. It was a secure system. Eventually we installed a facility that while we were on the road traveling, we had portable terminals that would hook into that system. So it didn't make a difference whether I was in my office or at home or on the road someplace; I could always come back into the main computer and send and receive messages to the staff.

In 1985, I believe, when we -- we had operated with the system for the first couple of years in a rather limited way. Once we began to give everybody terminals in the front office, we realized that we would -- if we weren't careful, we would be inundated with messages. So we put some software restrictions into the system so that Mr. McFarlane and I could send out messages to anybody on the staff directly and these messages would go directly to the staff member, and nobody else, unless we copied them, would have access to those notes.

The reverse was not true. Every staff member could not reply or send a message, originate a message directly to Mr. McFarlane or to me. We provided the administrators of this system a list of people that could reply directly. They were generally the senior people on the staff. Everybody else's messages would go -- would be ~~interrupted~~ intercepted by the executive secretary and his deputy. They would either take action on them or forward the notes on to Mr. McFarlane and/or me. And then we would reply.

Now, if we sent a staff member a note directly, the system was designed in such a way that the staff member could reply directly and that note would not be ~~interrupted~~ intercepted by the executive secretary. This procedure was not greeted with great enthusiasm by the staff because everybody wanted to have direct access. And so Colonel North was working on some very sensitive issues for us, terrorism, hostages, Central America, the Iranian project eventually. So rather than change my direction as to who could communicate back, the way I got around the system that I installed, was responsible for installing, was to send Colonel North a PROF's note. The subject was "Private Blank Check." I said, If you want to respond directly to me or, if you want to send me a note directly and nobody else can see it, then respond to this note. So he kept that note in his system. When he wanted to reply directly, he sent it.

MR. LIMAN: Mark as the next exhibit a PROF note from the Admiral to Colonel North dated August 31, 1985.

(Poindexter Exhibit No. 9 was marked for identification.)

THE WITNESS: That is the note I just described.

BY MR. LIMAN:

Q What occasioned you on August 31, 1985, to give Colonel North this direct access to you? Why on that date?

A I can't be certain.

Q Was it the Central American affairs that did it?

A It could be a -- it could be that. It could be hostage negotiations. [redacted] But I rather think that what precipitated it was that that was probably the time frame in which we instituted this software control in the system that would have his messages intercepted. That probably is more related to the time frame than any other particular event.

Q Do you recall that in August of 1985, there had been some inquiries from the Hill about Colonel North's activities on behalf of the contras?

A Yes. I do recall that in 1985 there were inquiries from Michael Barnes of Maryland and Lee Hamilton of Indiana, who was Chairman of the House Intelligence

Committee at that time.

Q Was giving Colonel North this direct access related in any way to the inquiries that you had been getting from the Hill about his activities?

A Well, indirectly, yes.

Q How?

A It is related in that we -- I felt, and I think Mr. McFarlane felt the same way, that what Colonel North was doing in terms of supporting the democratic resistance was within the letter of the law at the time, although obviously very sensitive, very controversial. We wanted to avoid more restrictive legislation, and so any activity that he would have been involved with on Central America, we wanted to keep very highly compartmented.

So that very likely played a role in my deciding to do that. Whether those particular letters that you are referring to precipitated that note, I would doubt it. But generally, the concerns that we had about keeping compartmentalized and keeping very closely held Colonel North's activities would have been an obvious factor in it.

Q Did you discuss with Mr. McFarlane the fact that you were giving North this direct access?

A I don't believe I did.

Q Do you know whether or not Colonel North had that kind of code-word direct access to Mr. McFarlane?

A I don't know, but I would doubt it because I don't think Mr. McFarlane understood how the system worked in that level of detail.

Q Did you give such a -- if I can use it -- a code word to anybody else on the staff?

A I don't recall giving a code word like that to anybody else. However, there was one other staff member who worked in the counterintelligence area who often replied to me or -- by reply, I mean he actually replied to one of my PROF's notes. He was originating information that was coming to me. It was coming directly, using the same technique.

Q Had he done that earlier?

A Had he done it earlier?

Q Is that where you got the idea from?

A No. No. It's just that I knew how the system worked. I am kind of a computer buff.

Q Who was the other staff member?

A His name is David Majors.

Q Okay.

A His notes were completely unrelated to your issue, but in the counterintelligence area.

Q Tell me, in August, 1985, as you best recall it, without getting into detail, what were the issues that North was working on?

A In August of '85? He was working on the Central America issue, keeping the contras supported. He was working on the Vice President's task force on countering terrorism. He was working on the hostage issue. He was working in August of 1985 -- I don't think he was working on the Iranian project in August of '85. I don't think he came into that until November of '85.

Q Is there a priority among these matters that he was working on that you characterize?

A Well, I would certainly have considered the most important thing he was working on Central America. I don't recall we actually prioritized it.

Q A moment ago you said he was working on keeping the contras -- if we can call the resistance forces contras without it being intended to have any pejorative meaning, because it doesn't for me, I think it would be simpler.

A I understand.

Q You said a moment ago he was working on keeping the contras supported. What does that mean? What was he doing, as you understood it?

A Let me go back to the reference I made earlier to [redacted] contribution. I believe -- his involvement in keeping the contras supported may have started before that, but as near as I can recall, that was kind of the initiating action that brought Colonel North so heavily into this area.

After Mr. McFarlane told me that [redacted] was willing to provide funds, Colonel North had been working Central America. I believe that Mr. McFarlane asked, or directed Colonel North to oversee this transfer of funds from [redacted] to the contras; and by oversee, I mean keep track that the money indeed did get transferred, keep track of how the money was being spent, what the logistics status of the democratic resistance was, you know, what sort of arms did they need, what sort of arms were they getting. I don't know at this point at what time Dick Secord entered the picture; but it could have been in the same general time frame.

The contras didn't have a good logistics organization. Of course, as long as the CIA was primarily responsible for managing the program, they did that. They managed the logistics system; but once the Boland Amendment passed and the CIA had to get out of that business, in effect, my view of the situation was that Colonel North took over primary responsibility for making sure that that logistics system functioned.

Q If you can continue, including the role of Secord, I would like you to. Why don't you just do it without the questions. Just tell us.

A I will. There's just an awful lot of material here.

Q Just keep going.

Why don't you, in your own words, tell us the story of what happened, as you recall it and see it, in the whole contra matter.

A All right. When we were confronted with the problem of carrying out the President's policy, which, frankly, I personally endorsed, I have always thought the President was right, but with the restrictions that were placed on us by the various versions of the Boland Amendment, we tried to figure out a way to keep the contras alive as a viable force until we could eventually win the legislative battle. And I am sure, as you know, the history of the legislative battle went back and forth several iterations.

At some point, we did get, from the Intelligence Oversight Board, an opinion that the more restrictive version of the Boland Amendment didn't apply to the NSC staff. This is in the Tower Commission Report. There was the caveat that possibly Colonel North, because he was a detailee from the Defense Department, might be prohibited; but, frankly, I thought -- and I think Mr. McFarlane felt -- that that was a debatable point. Very frankly, we were willing to take some risks in order to keep the contras alive, as I said, until we could eventually win the legislative battle.

So, for all intents and purposes, Colonel North largely took over the -- much of the activity that CIA had been doing prior to their being prohibited from carrying out activity because of the Boland Amendment.

When I say "carrying out all activity," obviously, one person can't do everything that [redacted] CIA people were doing.

One other point here; I think this is important. I don't mean to be pejorative or critical of Colonel North, because I have the highest regard for him. But Colonel North did have a tendency to be a little bit expansive in describing things. As you read through the PROF's notes, he uses the word "our" and "we." I am not trying to distance myself from that, but I think you are going to need to be very careful, if I can offer advice, in analyzing exactly what he did or what somebody else was doing and he was reporting it as we and our. At least, that's the filter that I used as I read Colonel North's reports.

But in '84 or '85 -- I am sure it was '84, but again, I can't place the time exactly -- but we looked at what sort of ways that we could support the democratic resistance through nonappropriated funds. By that, I mean funds from private parties, from third countries. I can't recall specifically conversations with the President. Possibly, in earlier time frames, prior to September of '85, where my notes that I have just given you this morning cover the time period, conceivably in my older notes there may be references there that could shed some light on when issues were specifically discussed with the President.

But let me just say that the President, I've always felt was generally aware of the fact that the contras were receiving private sources of funds and funds from third countries.

On [redacted] I have told you how that came about. We were obviously -- Mr. McFarlane and I were, as I said earlier, very sensitive to the fact that the specifics of how the democratic -- the contras were being supported, not become widely known. We kept the issue highly compartmented.

At one point, Mr. McFarlane told me that General Vessey, the Chairman of the JCS, called him one day and indicated to him in some way that he was aware that [redacted] had provided $25 million. Frankly, Mr. McFarlane and I were surprised that General Vessey knew that. We speculated as to how he might know that. Again, not because we thought it was illegal, but because we knew it was sensitive, [redacted] and [redacted] we knew their sensitivity if it leaked out that they were helping with Central America. [redacted]

So we were very sensitive to that. I did, after Mr. McFarlane told me that, I had the occasion to meet with [redacted] He invited me to come out to his residence one evening to talk generally about the Middle East. I met with him out there at his residence. In that conversation, I indicated to him -- and this was the first time that I had talked to [redacted] about the [redacted] contribution to Central America. In fact, when I raised it, he wasn't aware that I knew; but I told him about the conversation that General Vessey had had with Mr. McFarlane and I posed the question as to how General Vessey knew about it. He indicated that it had happened inadvertently. He had told him, but he assumed General Vessey knew about it.

So going back to one of your earlier questions, I did talk to [redacted] out at his residence on that occasion. I believe -- well, that may not have been the only time that I talked to him about it. [redacted]

[redacted] felt that the strength of the President in this country was very important to their security and even though they might not always agree with us, that it was important that at least publicly, that they be very supportive. [redacted]

So in addition to the third country issue -- and originally, it was only [redacted] There were other countries involved which I will get to.

At some point in this early time period, when we were faced with how to support them, there was a concerted effort on the NSC staff and in other offices in the White House such as the Office of Public Liaison, Pat Buchanan's Communications Office, the -- probably the Legislative Affairs Office would have been involved in some of the discussions about how to energize private support in the United States for the contras. This was how to get the information about what was happening in Nicaragua out to the American people, get private groups organized to contribute funds.

I, frankly, don't recall that we really made any big distinction about how the funds would be used, whether they would be used for military assistance or humanitarian aid. I wasn't directly involved in many of those early discussions that took place; but in terms of hearing reports and secondhand information, my recollection at this point is not strong that we made a real distinction between how the assistance from private sources would be used.

The President's view in general was that private support to the contras was an appropriate thing. I can recall conversations with him in which he recalled the other times in the history of the United States when private individuals had supported foreign conflicts before the U.S. Government would get involved. I can recall he would recall the Lincoln Brigade, the Lafayette Escadrille and other examples of where private American citizens provided support for a foreign conflict. He felt that that was entirely appropriate.

So we worked on in that time period a general plan on how to energize the private sector. Various events were planned and set up where you would have private groups come into the White House. The Office of Public Liaison usually set these up. They would be briefed by a series of administration spokesmen and members of the NSC staff would often participate. Colonel North would talk to these groups sometimes. Constantine Menges, who worked in the NSC Regional Affairs Office, would talk to them. We would get speakers from the State Department, the Defense Department, generally speaking, that were expert in the Latin American area.

At one point we planned and executed the President's participation in a dinner for one of the outside organizations that was working to provide support to the democratic resistance.

Then Colonel North often would go out and speak to assemblages of people that were pulled together; and as I generally understand -- I never participated in one of those groups just simply because my whole time on the NSC staff/ I have tried to maintain a low profile and also the press of other business.

To put all this in context, of course, and I am sure you are aware, I was working on hundreds of other issues. This was an important part of the President's priorities, but not the only one. But anyway, the best I can explain what would happen in these outside private groups is that, for instance, with Colonel North's involvement, is that a group would be assembled by a private organization of some kind. He would go speak to them in terms of what was happening in Nicaragua, who the contras were, what their objectives were, and generally try to develop support and -- at least as reported by Colonel North to me -- I don't believe he ever directly solicited, but he would leave the podium and then the organizers of the private organization would do whatever soliciting took place.

Now, since I have never attended any of those, I can't be sure, but I think Colonel North, you will find, hopefully at some point, is a very honest, straightforward person. So I don't have any reason to question what he told me.

We were always on the lookout for private or third-party contributions. At one point, General Singlaub made a trip to Asia and I frankly am not certain of the origins of that trip, but as a result of his trip out there, I can recall that Colonel North reported to Mr. McFarlane and to me that a representative of the [redacted] had approached Colonel North and asked the question as to whether General Singlaub was out there representing the U.S. Government or whether this was a private effort, and did the United States want [redacted] to do anything.

The answer that Mr. McFarlane approved Colonel North's passing back to [redacted] representative was a very carefully crafted answer. It was something to the effect that General Singlaub was out there as a private U.S. citizen and with regard to their question as to whether the U.S. Government wanted them to support the contras, that -- the answer to that was that [redacted] clearly understands the President's policies with regard to Nicaragua and the Sandinista government and the democratic resistance; end of response.

At either about the same time or shortly thereafter that, I believe Colonel North also reported that a representative of [redacted], as a result of Singlaub's trip out there, came and asked a similar question. Colonel North was authorized to pass back [redacted] essentially the same answer.

Let me also, to put this in perspective, we were not completely naive about this in that on the one hand, we wanted to get support for the democratic resistance, but we didn't want to become obligated to a third country, and they could then use that as leverage. So our general position was if they wanted to contribute, fine; but we weren't going to directly put the arm on them to do that.

Now, other sources of funding, at one point -- and I believe it was sometime in 1985 -- Colonel North came to me and reported that there was a Saudi businessman who claimed to be a Prince and he wanted to contribute some funds to the democratic resistance; and I don't recall the exact circumstances, because, you know, this was a passing comment, but my recollection is that the Saudi businessman either -- something to do with a green card, either he had a green card or -- and it was expiring or he wanted to get a green card or something. He wanted some help in getting that. [redacted] We didn't -- I didn't recognize the name. But on that incident, I told Colonel North to check out who the man was and if we could be of assistance on the green card and the guy checked out, to go ahead and see if we could help. I don't recall getting a report after that as to what finally transpired until I read that recently in the paper.

General Secord, obviously, plays a very big part in this. I'm very fuzzy on the origination of that. As the Tower Commission Report points out, I think probably Colonel North met General Secord when we were back in 1981, when Colonel North first came to the NSC staff and we were working the AWACS issue for Saudi Arabia. But as -- when we reached the point that the CIA was restricted as to what they could do in terms of supporting the contras and because the contras didn't have a -- any sort of logistics organization of their own, Colonel North, to carry out his general responsibilities, had to figure out a way to privately arrange a logistics organization.

I don't recall being involved in the decision to use General Secord, but when I learned of it, I had no problem with it. I was an admirer of General Secord's, thought he was a very competent, capable officer, and also didn't see any problem with it because he was doing this as a private individual.

I would suppose with hindsight that he probably became involved when [redacted] money began to flow to the democratic resistance and the problem arose as to how to -- for the democratic resistance to use that money to obtain arms and ammunition and the other supplies and stuff that they needed. I am sure Colonel North will have a better recollection of the exact details there. But I understand from the reports that Colonel North made to me that generally the way it worked is that General Secord either had or set up several companies that essentially ran the logistics organization for the democratic resistance going all the way from procuring arms from third countries with funds that were available from whatever source, private or third party, and then transporting those arms and supplies from their third-country location to the Central America area, including direct parachute drops into contra units that were in Nicaragua. That's a pretty --

Q An overview?

A An overview of early years.

When we got into the $27 million of humanitarian aid and the set-up of the Nicaraguan Humanitarian Affairs Office, we, of course, agreed to that compromise with the Hill. In fact, with hindsight, I think we made a tactical error in agreeing to that kind of limited support, because frankly that limited support wasn't going to do it. And the restrictions that were placed on us in administering that humanitarian assistance, the restrictions being that only the State Department -- we couldn't involve the CIA and Defense Department people in it. There was a terrible problem of how to get those humanitarian supplies in to the contras, especially those that were in-country.

So I'm not certain of this, but I think Dick Secord probably got involved and probably using Colonel North as liaison with the Humanitarian Affairs Office, when the Humanitarian Affairs Office couldn't get stuff delivered any other way. I wouldn't doubt but what you will find that General Secord was involved in transporting some of that humanitarian aid down there as well, using the same logistics system that he had set up for the private third-country aid that was going down there.

Colonel North kept very close contact with the contra leadership, not only in terms of their logistics but also in terms of getting organized as a more effective political entity. He met with the democratic leadership often and I think was largely responsible for getting them to organize the United Nicaraguan Opposition Organization, getting them to focus on what their objectives were. The leaders, Adolfo Calero, Arturo Cruz, and Adolfo Robelo -- and sometimes you will see in my notes a shorthand AAA, and that refers to those three leaders. He maintained very close contact with them. Colonel North maintained close contact with Secord.

So my view of the operation was that Colonel North was the switching point that made the whole system work. You know, what he got involved with directly or somebody else did is a little fuzzy in my mind, but clearly I viewed Ollie as the kingpin to the Central America opposition once the CIA was restricted.

Q How much did the President know of this?

A Well, that's a little hard to tell for me. I think the President was clearly aware that Colonel North was the primary staff officer on the NSC for the democratic resistance.

Colonel North would have participated in probably several meetings with the President. Certainly when the AAA came up to meet with the President, Colonel North would be in those meetings. He would be in any NSC and maybe some of the NSPG meetings that were held on Central America, so the President would see his face on any event associated with Central America.

Colonel North would -- once in a while -- would go up to the 9:30 meetings if he had something to report about Central America.

The President is not a man for great detail, which I think everybody is aware. It wasn't a matter we would brief him in great detail on, where all the funds were coming from or exactly -- although there is one note in there. Right after I took over as -- after the President named me, but in December of '85, Mr. McFarlane was still technically the National Security Adviser. We deemed -- by we, I mean the NSC staff recommended to me, I agreed, and the President agreed that I should make a quick trip to Central America. So on -- it was around the 9th or 10th of December, I flew down to Panama one night and the next day flew back up through Panama, Costa Rica, El Salvador, Honduras, Guatemala, and then gave the President a debriefing of that the following day. The note of that debriefing is in the material I provided to you today.

In that note, I did give him a rather thorough briefing of the situation in Central America. In each country, I met with our people in-country, the ambassadors and their staffs, and with the military leadership, and in some of the countries, I met with the political leadership.

It was a very quick trip, but we felt, we thought that it was very important that with the change in the

National Security Adviser, that the Central American countries understand we weren't changing any of our policies in Central America.

As a result of that, from those notes, you will see I did give him a rather detailed briefing. [redacted] -- our access, and by our, I really mean General Secord's access to that airstrip [redacted] I met with him and thanked him, and from my notes there, you will see that I did brief the President on that level of detail.

We would keep the President up to date on roughly how many democratic resistance we thought were in-country, in Nicaragua, how many were in [redacted] the general activity level. But the general broad view of the situation down there.

Q When you just referred -- and I don't want to break up your stream of consciousness, you are talking about Exhibit 1, the page 16 where it refers to [redacted] real estate.

A That's what that refers to.

Q That's when you told the President about the fact that [redacted] had agreed to make available the airstrip for the Secord operation?

A That's correct. I don't recall now whether I actually mentioned General Secord's name to the President or not, but it would have been described to him as the private effort to support the democratic resistance.

Mentioning that point reminds me -- the only time I can recall mentioning General Secord to the President was sometime in '86. It would have been when we were talking about the Iranian project. I recall saying something to the effect that General Secord is a real patriot. It's too bad we can't recognize all that he has done. So the President should be aware of the name, but the President probably would not be aware of exactly who General Secord was or exactly what he was doing.

MR. NIELDS: Are you saying then that he would not have known that General Secord's name was associated with the contras?

THE WITNESS: The contras? I doubt if he would be aware of that. It is possible that Mr. McFarlane in the early days or in '86 -- I would have mentioned his name in connection with the contras, but I can't recall that.

BY MR. LIMAN:

Q When you referred to General Secord as a great patriot to the President, you were referring to his activities on the Iranian initiative?

A Specifically.

Q Why don't you keep going.

A Okay. In the -- well, see, kind of trying to keep this in chronological order. There was always a lot of speculation as to what Colonel North's involvement was, speculation in the press. Obviously a lot of telephone conversations took place over the years over non-secure telephone lines. That was bothersome [redacted] knowing what a controversial issue it was in the United States, it would be to their advantage to expose that if they could figure that out.

We surmised that a lot of the information that was leaking out was disinformation, some of it prompted by partial truths. [redacted]

I remember at the time cautioning Colonel North about minimizing his telephone calls, not talking in plain language, and it may very well have been that my discussions with him about that prompted the -- his use of the operational codes; [redacted]

In the fall of 1985, we were able to get in the legislation at the time some relief from some of the restrictions. In fact, that was a turning point and why I openly discussed with director Casey and Secretary Shultz, as I related before, efforts to identify third countries, because we felt that the way the legislation was changed, that the State Department and the CIA could get involved in at least identifying third-country support.

Also in early 1986, we were anticipating the expiration of the $27 million in humanitarian aid and it was going to expire, I guess, the end of March. And as I recall, there was a provision in the legislation that the President at that point could come up and request additional assistance. So we were working on the legislative plan to come up to the Congress in the early spring of 1986 to ask for $100 million to include military assistance. We spent a lot of effort on that legislative plan, including a public diplomacy plan to try to go with it to explain the President's policy again to the American public.

We also knew at that time that even if -- well, we were rather confident we could win the vote in both the House and the Senate at that point. I had also decided that I wasn't going to compromise. Either we were going to get what we were asking for this time or we wouldn't accept anything less than what we wanted. As it turned out, we got what we wanted. At least, we got fairly early on, we got a vote in the House and we got a vote in the Senate; but then, due to the legislative process up on the Hill, and I think it was primarily the House leadership resisted taking the issue to conference, and so we didn't actually get the $100 million until the Continuing Resolution in October of '86.

But going back to the beginning of '86, and I am keeping my comments now primarily in the Central America area, the obvious connection comes in about this point. After the Presidential Finding was signed on 17 January, and we were proceeding ahead with the Iranian project, at some point Colonel North came to see me. My best recollection is it was probably in February. It could have been after that, but I believe it was in February. He came into my office. He would have been the only person there, and gave me a status report on the Iranian project, and as I said, we had been working on the legislative plan, but we saw that we were going to run out of money before we could get the $100 million and the Sandinistas were being supplied a large amount of Soviet equipment. We were especially concerned about the HIND helicopters because they are so effective in that kind of -- that insurgency because of their mobility. We were frankly concerned about the abilities of the contras to survive until we could get the $100 million.

Colonel North was not only working the Iranian project, but he was also, obviously, as I have told you, working Central America. After he finished his briefing on the status report of the Iranian project, he said, "Admiral," or words to this effect, "I think I figured out a way to provide some funds to the contras out of the Iranian project."

My impression at this point of the conversation was that it was clear to me that these were third-country or private-party funds that would result from the arms sale to the Iranians and he said, "I would like to proceed ahead with it." I said, "Well, let me think about it for a few minutes."

I thought about it. I felt that it was in terms of supporting and implementing the President's policy, that it was entirely consistent.

The President really never changed his policy with regard to supporting the contras since the early decision back in 1981. It seemed that this method of financing was completely consistent with what we had been doing in terms of private parties and third countries.

I knew that it would be a controversial issue. I had at that point worked with the President for about five-and-a-half years, and for three of those five-and-a-half years, very directly, meeting with him many times a day, often spending hours every day with him.

So I not only clearly understood his policy, but I also thought I understood the way he thought about issues.

I felt that I had the authority to approve Colonel North's request. I also felt that it was, as I said, consistent with the President's policy, and that if I asked him, I felt confident that he would approve it.

But because it was controversial, and I obviously knew that it would cause a ruckus if it were exposed, I decided to insulate the President from the decision and give him some deniability; and so I decided -- I told Colonel North in that meeting, after thinking about it for several minutes, to go ahead and proceed ahead with it, that it was a method of essentially providing bridge financing to the democratic resistance until we could get the legislation passed, and I decided at that point not to tell the President.

I didn't tell Colonel North that I was not going to tell the President, so I don't believe -- you know, the President and I would be the only ones that can -- that know the answer to that question, because I have met with the President privately. I recognize that it would be a lot easier on me now if I had told him, but honestly, the facts are I did not tell him.

Q You didn't tell him then or at any other time?

A Or at any other time until the 25th of November.

Q That's the first time you told the President?

A That's the first time I told the President.

Q You say you realize it would be a lot easier on you if you told the President. Would you explain what you mean?

A What I mean is that I think that he would -- if I had told him at the time, and this was part of my thinking process at the time, was that I was very confident if I had told him about it and asked his permission to do it, he would probably have agreed.

Q All right.

A It would now be, you know, his responsibility rather than mine.

Q Let's just follow that through. You realize if the Independent Counsel considers that the decision to use money from the arms sales for the contras to be a crime, that you have now said that you made the decision without any express authority from your Commander in Chief?

A That's correct.

Q And you realize that you have therefore deprived yourself of the defense that you discussed it with the President and that the President approved this?

A I understand that very well, Mr. Liman.

Q And I want to be sure, because this is obviously a question that is on the minds of a number of people. And I'm not trying to take away legal defenses in terms of your apparent authority, Mr. Beckler. I see you are ready to jump in. You realize that this is an important issue in the investigation.

You are an Admiral; correct?

A Correct.

Q The President is your Commander in Chief?

A Correct.

Q Are there some things that in order to protect the Commander in Chief you would lie about?

A No. At this point, there are not. I do feel -- well, let me put it this way.

I always felt as the National Security Adviser -- and this goes back to -- well, I had two commissions. I think it is important that that be understood. I had a commission not only as a naval officer, as a flight officer, an Admiral in the Navy; but I also had a commission as assistant to the President. I always tried to keep those two positions in my mind at least separate. That's frankly one of the reasons I haven't appeared in uniform. I think this is a political issue. I was essentially in a political position. I was still covered by the Hatch Act, but I haven't been out involved in partisan political activity.

And I felt that as an assistant to the President, I had the authority to make those kinds of decisions. It was a judgment call. It was, you know -- clearly it was an important decision. But, as I said, I always felt that it was completely consistent with other methods of financing the contras and -- but obviously knew that it would be controversial.

Q Where did you think the money was coming from?

MR. NIELDS: Wait a minute. Did you get an answer to your question. You may have, but I am not sure. I think he asked you whether there were items, you are an Admiral --

THE WITNESS: That I would lie about now?

MR. NIELDS: To protect your Commander in Chief?

THE WITNESS: I recognize I have immunity now with the exception of perjury or making a false statement. What I am telling you are the best -- the facts to the best of my knowledge and so at this point, even to protect the President, I would not lie about it.

BY MR. LIMAN:

Q Did you --

A But the point I wanted to make is that the way I viewed my position as assistant to the President at the time was that one of my responsibilities was to protect the President; and I felt that I was protecting him in this regard by not talking to him about it, because I felt confident that he felt so strongly about the support of the democratic resistance and preventing the consolidation of that communist government, that he would have approved it.

Q Did you participate in the preparation of inaccurate chronologies in order to protect the President?

A No. I did not. The chronology was prepared at my direction. I read in the Tower Report that Don Regan thinks that he requested it. He may have at some point, but when we came back from California in early November of 1986, and I saw that it was going to be a problem, and because we had minimized the written record at my direction, on the whole Iranian project, because of the danger that I saw of leakage to a very sensitive project here that involved human lives, the possible opening to the Iranian government, which would have clearly mixed reviews, it was important that we prevent leakage and premature exposure of it. But once the information began to leak out of the Middle East, due to the factional infighting in Iran, I realized that we needed a source document in the White House that laid out as best we could precisely what had happened.

So my direction to Colonel North was to prepare a chronology that was an accurate reflection of what happened.

Now, both he and I were at a disadvantage of not being directly involved in the first few months of the Iranian project, starting from the time period in July of 1985 through November. So I asked him to contact Mr. McFarlane and try to get from him his best recollection of the first few months of the project.

And when I tasked Colonel North to prepare the chronology, either at that time or within a day or two later, I made it clear to Colonel North that the chronology should be factual and lay out what happened with the exception of the contra -- the transfer of funds to the contras, which I viewed at that point as a separate, although obviously related, but as a separate issue. That was never intended to be in there. The chronology was prepared not to be a public document. It was still classified. It went through several iterations.

You know, if you recall the time period, we were being beaten about the head and shoulders in the press and we didn't have many written records. I frankly don't believe that Colonel North recalled that he had the -- that he had saved the PROF's notes. My personal policy was that about once a month, I erased all of my PROF's notes because I always considered the PROF system as a working document system, not part of the official record, and routinely about once a month went in there and erased it. I assumed other people were doing the same thing.

So preparing the chronology was not an easy task.

Q Admiral, the chronology put forward the notion that oil-drilling equipment was shipped in November, didn't it?

A That what?

MR. NIELDS: Oil-drilling equipment.

BY MR. LIMAN:

Q That oil-drilling equipment was shipped in November; correct?

A That's correct.

Q You knew that it was Hawks; correct?

A That's correct.

Q For whose protection was that cover story put in the chronology?

A Well, let me make one main point. That is that I never felt that the chronology was a finished document during the whole time. In fact, I had not had an opportunity to thoroughly read the chronology before I left the White House.

Now, the issue -- we thought and the President thought that he could remember what had happened on the early shipments in August and September of 1985. And, in fact, in press backgrounders that I gave during that time period, in one of the press backgrounders, I indicated that there had been one prior shipment that we had acquiesced to; but, frankly, when I gave that press backgrounder, for example, I could not -- we are talking about events that happened a year before. I had not been directly involved in setting them up.

My memory of that time period was very fuzzy. But the week of 17 November, as we were preparing to brief the Hill in more detail on what had happened, it became clear that Mr. McFarlane's recollection as to what had happened in November of 1985 was different from Secretary Shultz' recollection.

So on Thursday the 20th of November, Ed Meese -- I asked Ed Meese to join Director Casey and I as we sat down to go over our respective briefings of the two Intelligence Committees the following day, on Friday.

At that point, we realized that we didn't have all the facts on what had happened in November of 1985. It was clear to me that it wasn't -- at that point, it was clear to me that it wasn't oil-drilling equipment but we frankly -- I did not have it at my fingertips at that point, all the facts.

So in the meeting, we decided that the following day, on Friday, that Director Casey and I would both say that there had been some shipments by the Israelis in November of '85. We still weren't clear on all the facts and we were still investigating that. So that part of the chronology was not used.

Q That's really not what I am getting at, Admiral.

Admiral, you pride yourself on the fact that you have a relatively good memory; is that fair to say?

A Fair. I can't remember specifics sometimes.

Q But you were personally involved in some aspects of that Israeli Hawk shipment; is that correct?

A Right. That's correct.

Q And that --

A At least from the standpoint of -- well, it would be helpful probably at this point for me to go over --

Q Let me just ask. You were told in November that the Israelis were shipping Hawks; am I correct?

MR. NIELDS: Get the right year.

MR. LIMAN: November of '85?

THE WITNESS: Yes. With hindsight, as I can explain to you in a little bit, I was aware in November of '85 that Hawks were being shipped.

BY MR. LIMAN:

Q And that was not an everyday occurrence in terms of your responsibilities? That the Israelis would send Hawks to Iran?

A Well, that's certainly true.

Q Are you saying that in November of '86, you had forgotten it?

A That is the honest fact. I could not remember -- I mean a lot of water had passed over the dam since then. I had been heavily involved in working on other issues, arms control, U.S.-Soviet relations. I could not remember what had happened in November of '85.

In November of '85, as I pointed out earlier, we had the Geneva summit. Mr. McFarlane was in Geneva with the President. I was holding down the office back here. One day I recall getting a call from Commander Thompson who was with Mr. McFarlane at the time and saying something to the effect that Mr. McFarlane had called Colonel North and asked him to help with an Israeli aircraft problem. And, as I recall, Commander Thompson was talking on a non-secured line so it was a very cryptic conversation. I had -- after that, I asked Colonel North to come over to find out what it was and part of this that I am recalling to you now was based on a refreshing of my memory by Colonel North in November of '86, a year later.

But because he had a -- he had one of his notebooks in which he -- an old notebook in which he was briefing me on a conversation that he had had with me in November of '85. From that conversation -- from his debriefing November of '86 of the conversation in November of '85, a year previous, it was clear that we knew that there were Hawk missiles in that shipment. But when I did the press backgrounder, and when the early version of the chronology was prepared, I frankly could not remember what had happened in November of '85; but, as I said, on that Thursday, prior to Director Casey and I talking to the Hill, it was clear that -- see, because at that point Mr. McFarlane was saying that we didn't know weapons were aboard. At that point, I think that I knew that we did have weapons aboard, and Secretary Shultz -- his recollection of the conversation was that we knew. So because neither Colonel North and I had been directly involved in the events of early November, '85, and exactly what was known ahead of time, Director Casey and I decided that the best thing to do on briefing the committees on the following day was simply to say that we knew there had been a shipment in November of '85 but we were still trying to collect all the facts on it.

Q Are you --

A So it was at that point I knew that the oil drilling part in the chronology was not correct, but again the chronology at that point was not intended to be a finished document and it certainly wasn't intended to be a public document.

So at least as far as I am concerned, Mr. Liman, there was no effort on my part to create a fictitious story in that chronology with that particular entry.

MR. BECKLER: It might be helpful if we clarified the chronology, in other words, the date of the chronology. The only chronology in evidence right now is that dated November 20, 1986. That obviously talks about 18 Hawk missiles to Iran [redacted] on November 25.

MR. LIMAN: We are talking about the earlier one. Admiral Poindexter knows what I was referring to.

Can you mark as the next exhibit a PROF note dated November 20, 1985, to the Admiral from Colonel North.

(Poindexter Exhibit No. 10 was marked for identification.)

MR. NIE[illegible]d is clear, the

chronology which Mr. Beckler just referred to, which has been marked as an exhibit, states on page 6 that at the time of the shipment we were assured that the Israelis were going to try oil-drilling parts as an incentive and the reference to 18 Hawk missiles comes in a paragraph that begins, "In January, we learned the Israelis had learned the proprietary aircraft to transport 18 Hawk missiles."

MR. BECKLER: No. There is an 11/20/86 chronology.

MR. NIELDS: That's the one I am reading from.

MR. BECKLER: The numbered portion which I think -- there is a chronology of events. Do you see this portion?

MR. NIELDS: Let's get the number.

MR. VAN CLEVE: I think you are reading from a different document, Mr. Beckler. What's the Bates number?

MR. BECKLER: 00050.

MR. NIELDS: Mine is 00053, which has been marked as an exhibit. I was reading from page 6.

MR. BECKLER: Excuse me. This is exhibit --

BY MR. LIMAN:

Q Would you look --

MR. BECKLER: Wait a minute. Wait a minute.

Exhibit No. 5. No. 5.

MR. NIELDS: That's the one I was reading from, the historical chronology?

MR. BECKLER: No. Chronology of events.

MR. NIELDS: I was referring to the document marked 11/20/86, 2000, historical chronology.

MR. BECKLER: I was referring to the chronology of events.

MR. NIELDS: Which is dated a half an hour earlier.

MR. BECKLER: Correct. 1930.

BY MR. LIMAN:

Q Did you receive this PROF note?

A I probably did. Frankly, it is so long ago I can't remember. I assume that I did.

Q Am I correct that it states -- starts by saying the Israelis will deliver eight modified -- eight mod --

A Eighty.

Q Eighty mod --

A Modified Hawks.

Q [redacted] at noon on Friday, November 22. These 80 will be loaded aboard three chartered aircraft owned by a proprietary which will take off at two-hour intervals for Tabriz; correct?

A Right.

Q Then it goes on to say, in the third paragraph, "replenishment arrangements are being made through the Ministry of Defense purchasing office in New York City. There is, to say the least, considerable anxiety that we will somehow delay on their plan to purchase 120 of these weapons in the next few days. I am awaiting your instructions. I have told their agent that we will sell them 120 items at a price they can meet. I further told them that we will make no effort to move on their purchase" -- what does LOA mean? LOA request?

A Letter of agreement.

Q -- "letter of agreement request until we have all five American citizens safely delivered. In short, the pressure is on them."

This is not the ordinary message that you would receive? That's fair, isn't that, to say?

A Well, it certainly is not an ordinary message.

Q In two aspects. Didn't this message, first, the hope that you would get the hostages back?

A Yes.

Q Yes?

A Yes.

Q And the hostage matter was of some concern to the President?

A A great deal of concern.

Q And it also involved shipping Hawks to Iran; is that correct?

A That's correct.

Q And we had been trying to discourage other governments from shipping arms to Iran; is that right?

A That's correct.

Q And so here you are getting a PROF note from North telling you that we were not only facilitating the shipment of these Hawks to Iran by Israel, but we were going to replenish the Israeli stocks; is that right?

A That's correct.

Q And are you -- just let me make it clear. Are you saying that in November of 1986, that you thought that what was in the shipment to Iran were oil-drilling parts?

A What I am saying, Mr. Liman, is that up until -- I did not have access to this PROF's note in November of 1986. As I said, my policy was to erase my PROF's notes about once a month. What I am saying is that in the early weeks of November of 1986, I could not recall what had happened in November of 1985.

Again, you know, part of the reason for that, I am sure, is that I was not involved with the decisions with the Israelis at that point. I was not involved in discussing the matter with the President. I had missed a major NSPG meeting in August of 1985, because I had been on leave during -- during an important NSPG meeting that discussed this issue.

So even though acting in Mr. McFarlane's stead, while Colonel North and I were back here, I did get involved in November of 1985. In the early weeks of November of 1986, I could not remember this series of events.

Q So you are saying that this left no imprint on your memory?

A No. Clearly it was part of the Iranian project. I obviously was very familiar with the Iranian project from December of 1985 on; but those first few months of the Iranian project did not leave an indelible image on my memory as to what happened.

Now, as the days of November of 1986 wore on, and Colonel North did go back at one point and dig out one of his old notebooks and read to me some briefing notes that he had used, we did not pull up, for instance, this old PROF's note in November of 1986. As I said, I doubt seriously if Colonel North realized that all of his PROF's notes were still saved.

Q But I am not asking you about PROF notes in terms of what you pulled out. I am asking you about your memory. Because even if this PROF note didn't exist, the question is whether this was an unusual enough event in your career that it would have left some imprint on your mind in 1986?

A You know, it clearly didn't. I must say that the statement about the oil-drilling equipment also didn't ring any bells, and I doubted seriously if that was accurate.

The chronology, as I said, went through several iterations. The first version of the chronology I can recall getting at about 30 minutes before I was to be down in the situation room with the President to brief the congressional leadership on the general outlines of the program; and I did not have time to read that version of the chronology before that briefing.

With the press of other events, as things went on, I never had a chance to sit down and go through this until that Thursday that Ed Meese and Bill Casey and I met to discuss the briefings to the congressional committees the following day.

And at that point, I realized that the chronology was very delinquent in that area. I frankly was annoyed about it, because I had not only told Colonel North to work with Mr. McFarlane on figuring out what had happened in 1985, but I had made it a point of inviting Bud down to a lunch in the White House at which Dr. Keel, my deputy at the time, sat in on the lunch. The whole purpose of the lunch was to ask Bud to prepare a memorandum for record that would have covered the first few months of the project in 1985.

For one reason or another, Bud had declined to do that. He didn't tell me he wouldn't do it. But, as a matter of fact, he didn't do it. I felt very inadequate in terms of laying out what the facts were during July, August, September, October and November of 1985.

Q Admiral, even after the shipment of Hawks took place --

A Right.

Q -- did you not get reports from Colonel North in 1985 and in 1986 that the Iranians were unhappy with the Hawks they received?

A Absolutely.

Q So that this shipment had not only run into logistics problem in [redacted] but had ended up creating a problem in Iran; correct?

A Absolutely. In fact -- maybe I haven't made myself very clear here. But in November of 1986, I was aware that Hawk missiles had been shipped by the Israelis to Iran in November of 1985. But what we were trying to lay out in the chronology was the sequence of events that happened. I wasn't sure in the first few weeks of November of 1986 that indeed we were aware when the shipment was being planned that they contained Hawks. As my recollection improved during November of '86, and especially after Colonel North had pulled out one of his old notebooks, it was clear that in November of '85, that we knew well ahead of time that there were Hawk missiles aboard. But, you know, it was -- I guess this isn't a very good excuse, but November of 1986 was a very confusing time for us.

Q Was there any effort in November of 1986 to put out a cover story?

A Not as far as I was concerned, Mr. Liman.

Q Whether it was to protect the lives of the hostages or protect anything else, was there any desire that you expressed to anyone to put out a covery story?

A There was no effort to mislead anybody that I endorsed or initiated in November of 1986. Now, there was concern about the hostages. There was a concern on my part of the damage that the revelation of this was going to do in terms of the possibility of preserving the channel that we had developed to the Iranian government; and so during the first few weeks, the President's press conference, and the speech that he made on national television, yes, there was an effort there not to lay out all the details. We wanted to -- especially during -- the point of the speech which I recall came first, we wanted to withhold the fact that -- of Israel's direct involvement and to put out frankly as little information as we could in those early days of November.

Yes. That was clearly an effort, because we were concerned about the safety of the hostages and I was concerned about preserving that channel to the Iranians.

In fact, as November wore on, we continued to maintain contact with the Iranians even as late as after the President's press conference. We were nurturing that along, hoping to manage it in such a way that we wouldn't completely damage the channel. And so there was a concern on our part at least in terms of public statements of laying out all the facts; and so to that extent, yes, we were withholding information. But there was never any effort on my part to mislead or deceive anybody.

You know, you or somebody else could interpret withholding information as misleading, but -- I guess that's a judgment call.

Q I was putting --

A I don't view it that way.

Q I was addressing myself to representing our knowledge as being -- that the shipment involved oil-drilling equipment when it involved Hawks. That is what I was addressing myself to.

A I frankly think, you know -- I know that I didn't provide any direction to do that, to create a fictitious story there. Looking back on it, I think, as best I can speculate what Colonel North was trying to do in the chronology was initially to lay out the situation as it happened. I don't know. I haven't talked to Ollie.

Q Since when?

A Since -- we had a lunch with --

MR. SMALL: Well --

BY MR. LIMAN:

Q Have you talked to him alone, without your counsel being present?

A I have not.

Q Since when?

A Since the day that I left -- let me just be sure I am absolutely right here.

The best of my recollection, the last time I talked to Ollie alone or in private was by telephone on the 25th of November.

Q Admiral, if you look at this exhibit that is in front of you, it has an update. Look at the paragraph that says "Update as of 1810." RCM is who? Mr. McFarlane? the first page. I am sorry. I apologize and I will --

A Update as of 0920.

Q Before I turn to that, let me just make sure I covered something [illegible] you have to

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leave.

Let me go back to this matter of using the funds from the arms sales.

MR. NIELDS: Don't go back. Stay with this. I have a few things I want to ask.

MR. LIMAN: I would like to mark as the next exhibit, No. 11, a two-page PROF note that bears our Bates No. N-28626 from Colonel North to you.

(Poindexter Exhibit No. 11 was marked for identification.)

MR. LIMAN: Take your time in reading it.

THE WITNESS: Okay.

BY MR. LIMAN:

Q You recognize that as another PROF note you received from North?

A I don't, again, at this point recall receiving it in time, but it looks like I did receive it and I probably did.

Q It describes the efforts that General Secord was making to get this flight through; right?

A Right.

Q If you look down on the update as of 1810, it says "Robert McFarlane contacted [redacted] at 1730. [redacted] has agreed to have aircraft from TA land [redacted] [illegible] has arranged

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for a proprietary to work for Secord. Copp" -- just in case you didn't know his code name -- "Copp will charter two 707s in the name of Lake Resources, our Swiss company."

A Again I think that is an example of Colonel North's expansiveness.

Q Okay. I wanted to ask you about this.

A Yes.

Q Had you ever heard of Lake Resources before?

A At this time, I have trouble answering that. This would have been my first indication that a company called Lake Resources was what Dick Secord was using or not.

Q Did you ever ask North what he meant by "our Swiss company"?

A Well, I tried to put those kinds of comments of Colonel North's in perspective earlier. I frankly -- in notes from Ollie North that have "our" and "my" in it, I tended to discount, you know, what that means. That clearly at this point, I would -- at the time I would have interpreted that to mean Dick Secord's company, Lake Resources.

Ollie had a very close working relationship with Dick Secord. I see why he would call it "our." I always felt that technically it was Dick Secord's company.

Q Let me put it to you this way. When he refers here to a proprietary, what did you understand the proprietary to be, a CIA proprietary?

A A CIA proprietary.

Q A CIA proprietary means that it's a company the CIA owns but it's held ~~out~~ not as being something owned by the CIA?

A They conduct business and have aircraft available to perform CIA missions when needed.

Q Did you have an understanding that Colonel North was creating proprietaries for the NSC?

A That was not the way I looked at it. I can understand how you would consider it that way, but I did not -- I never thought of Lake Resources as an NSC proprietary. I can understand how you would conclude that.

Q From reading this?

A From reading that, exactly.

Q And if you look at the update --

A I don't recall ever talking to Colonel North or anybody, for that matter, you know, using the terms an NSC proprietary. That kind of comparison just simply didn't cross my mind.

Q So who did you think owned Lake?

A Dick Secord.

Q If you look -- why did you think that?

A Based on reports Colonel North had given me.

Q What did he say?

A I can't recall the first time that I became aware of Lake Resources. This could very well have been the first time.

I don't recall questioning Colonel North as to exactly what the company structures were or who the owners were. I clearly knew that Lake Resources was involved in supporting the contras in Central America.

I also knew they were involved in the Iranian project, because when we were working on the finding that resulted in the 17 January finding, it was clear to me that Bill Casey was going to use a private agent as the method of selling the arms to the Iranians and I can't recall recommending to Director Casey that he use General Secord. I was aware that he was going to use General Secord. But as far as I was concerned, that was his decision. I certainly endorsed it.

As I told you before, I had great respect for General Secord. He had demonstrated over the months prior to that his effectiveness in carrying out the support of the contras.

Q Now, if you look at the next update, it's on the second page of this, it says, "Advise ~~K~~Copp of lack of" -- what does PU mean there?

MR. NIELDS: Pick up.

BY MR. LIMAN:

Q "Pick up aircraft. He has advised we can use one of our Lake Resource aircraft which was [redacted] to pick up a load of ammunition for UNO. He will have the aircraft repainted tonight and put into service not later than noon Saturday so that we can at least get this thing moving. So help me, I have never seen anything so screwed up in my life. We meet with Calero tonight to advise the ammunition will be several days late in arriving."

Do you recall that at all?

A I recall it now. Of course, being refreshed by this note and I believe this one is in the Tower Commission Report.

But again, in the first few weeks of November of 1986, I simply did not remember this detail.

Q Did you remember --

A Now I remembered that Mr. McFarlane was in Geneva and that Ollie had worked on an aircraft problem. I recall that Dick Secord was involved, and the reason that he was involved is that, as Ollie points out in this note, that he was -- Secord was at the time [redacted] [redacted] working on a shipment to the contras. Very frankly, in November of 1985, both Colonel North and I felt that this whole operation was screwed up.

Q What operation?

A The Iranian business; and that's one of the reasons that in December of 1985, when I took over, I wanted to get the whole thing on a much more organized basis. I wanted to get the CIA formally involved because of their expertise in logistics; and I wanted to get the thing on paper as to what our objectives were and exactly what the President approved, because in November of '85, I was very confused as to what had been approved and what hadn't been approved and frankly thought that it had been run in a very slipshod manner.

EXAMINATION BY COUNSEL FOR
THE HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q Isn't it true this Hawk shipment was a gigantic snafu?

A Yes, it was.

Q It was the Israeli's snafu, principally; isn't that right?

A Yes. I basically think Schwimmer was not handling it very well at all. What I started to say earlier was that at some point after my meeting with Nir in early January of '86 -- and I don't recall that Hawks came up in that meeting, but either at that meeting or after that meeting, it became clear to me the facts that you were reciting earlier, that the Israelis shipped the wrong thing. They didn't -- did not ship what the Iranians wanted; and furthermore, the missiles that were shipped had Israeli markings on them, which just simply infuriated the people in Iran that offloaded it.

Generally, you know, we thought it was a dumb idea. Number one, we -- it wasn't clear to us that the Iranians needed Hawk missiles. We thought they had a lot of Hawk missiles left from the Shah's days. As it turned out from one of the conversations that Colonel North reported to me of having with the Iranians, apparently what they wanted them for was that they reported to us that there had been Soviet overflights of the northern part of Iran, and they were at very high altitude.

The reason that one -- one of the reasons that we got them off of asking for Hawks was that we explained to them that even our improved version of the Hawks would not handle the kind of target that they were talking of. If they wanted to go after the Soviet aircraft, the Hawk wasn't going to solve their problem.

Q The Israelis also screwed up the transportation of these Hawks?

A They did. It was very screwed up.

Q You were aware of the screw-up on the transportation and the type of weapons shipped and the fact they had the Israeli markings on them at the time?

A At the time, that's correct.

Q It was -- that formed a principal reason, did it not, for your decision or our Government's decision to take control over the operation away from the Israelis?

A Well, that was part of it. That's not the total reason, Mr. Nields.

Q That is one factor?

A That is one factor. There is another factor, which I can get to.

Q We will get to that later, I am sure.

The point is here that this whole business with the Hawks made a distinct impression on your mind at the time?

A At the time. It certainly did.

Q In one of these PROF memos there is a reference to the immediate need of the Israelis for replenishment of the Hawk missiles?

A Right.

Q Do you know Colonel Powell, Colin Powell?

A General Powell?

A General Powell. Excuse me.

A Yes, I do. He was at the time -- November of

'85 -- he would have been military assistant to the Secretary of Defense. So I dealt with him quite frequently over the years prior to my being National Security Adviser.

Q Did you contact him around the middle of November, 1985, in order to find out if we could replenish Hawks?

A I have a vague recollection of doing that. There were several discussions. As far as I knew at the time, I think he and the Secretary of Defense were the only ones in the Defense Department that I knew of that were aware of anything about the Iranian project that Mr. McFarlane had started with the President's agreement.

MR. LIMAN: How did you know that?

THE WITNESS: Well, I guess I probably assumed it. I knew that Secretary Weinberger had been in on meetings on the subject of what the Iranians wanted to do, and I guess I assumed that he had probably told Colin Powell, because my experience up until that time would have been that Colin Powell knew essentially everything that Secretary Weinberger knew. It may have been a false assumption.

MR. LIMAN: Do you actually have a recollection as you sit here today, now, of talking to Colin Powell about the replacements?

THE WITNESS: I don't have a distinct recollection of a telephone conversation during that time frame. But I do recall at some point in the process talking to General Powell about replacements for the Israelis.

BY MR. NIELDS:

Q Hawks?

A Hawks.

MR. LIMAN: If you were talking about replacements for the Israeli Hawks, would I be correct that that would have meant that that conversation took place at a time when the -- when it was contemplated that the Israelis would be shipping those Hawks to Iran? Because after the -- this debacle, the Hawks were going to be returned to the Israelis.

THE WITNESS: But we didn't know that, Mr. Liman. At the time that things were happening in November of '85, we frankly didn't know how screwed up it was. We didn't know they had shipped the wrong thing. We didn't know that the Iranians had refused it.

EXAMINATION BY COUNSEL FOR

THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q When do you fix the time that you knew that the Israelis would not need a replacement for Hawks?

A Probably not until sometime early in 1986.

Q You fix it with when Nir is in the picture, or before? Nir comes in in the beginning of January.

A I would place it after that. Because I see, I believe my notes -- maybe I could review that one exhibit -- I believe my notes with Nir refer to the TOWs, but I don't believe it refers to the Hawks.

You see, the other interesting thing is, I know it maybe sounds unbelievable that I couldn't remember in early '86, but even -- see, if you go back to my notes in briefing the President, I noted here that we talked --

Q What date are you looking at? What number?

MR. BECKLER: Bates No. ~~20~~ 21 on Exhibit No. 1.

BY MR. LIMAN:

Q All right.

A I don't think we say anything there about Hawks.

Q This is the January 2, '86?

A Yes.

Q Doesn't mention Hawks.

A It does mention the TOWs; and so I can't -- you know, obviously something about the Hawks did not leave the kind of indelible impression on my mind that you think it did.

MR. NIELDS: Was there an original idea it would be a larger number of Hawks, 500, 400?

THE WITNESS: I believe so, but as to when I have most recently become aware of that, I would have to go back through this stuff and see.

I think somewhere in the Tower Commission Report there is a reference.

BY MR. LIMAN:

Q Are you just reciting what is in the Tower Commission Report or did that refresh your recollection?

A No. It really doesn't refresh my recollection.

Q I don't want you to simply give us back what is in the Tower Commission Report.

A Yes.

MR. NIELDS: You said earlier you were very dissatisfied at sometime during the week of the 17 of November, 1986, with the chronology?

THE WITNESS: Yes.

EXAMINATION BY COUNSEL FOR
THE HOUSE SELECT COMMITTEE

BY MR. NIELDS:

Q At what point did you become dissatisfied on this point?

A Again we were trying to recall what happened in '85. I really became dissatisfied when I learned that Secretary Shultz' recollection of the events of November, '86, disagreed with Mr. McFarlane's.

MR. NIELDS: Go ahead.

EXAMINATION BY COUNSEL FOR
THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q Let me just ask you -- I would like to have marked as the next exhibit a letter dated November 26, 1985, from Director Casey to you. It's a memorandum with an attachment.

(Poindexter Exhibit No. 12 was
marked for identification.)

BY MR. LIMAN:

Q Would you look at Poindexter No. 12?

A Yes.

Q You testified earlier that the President signed a finding in December; is that the finding he signed?

A To the best of my recollection, it is.

Q Do you recall when he signed it?

A I don't recall the precise date.

Q What do you recall about this event?

A Based on my notes, apparently I discussed that with the President on the -- is it the 5th or 6th? I think it's the 5th.

Q Right.

A Which I think is on a Monday, I believe.

MR. SMALL: Off the record a second.

(Discussion off the record.)

THE WITNESS: May we step outside for a second?

MR. LIMAN: Sure.

(Discussion off the record.)

THE WITNESS: To continue my answer, on about the 5th of December, I believe that I discussed the first version of the finding with the President. Director Casey's memo is dated the 26th of November. That would have been just before Thanksgiving. I don't recall exactly what day I got that, but because I didn't discuss it with the President until the 5th, chances are -- of course, I guess the reason I didn't was that the President was in California for Thanksgiving. Mr. McFarlane was with him out there. It was the period Bud decided to resign on about the 30th.

So when the President got back, we were in a great state of flux. So I probably didn't get around to discussing it with the President until about the 5th of December.

I don't know when it actually arrived in my office. There may be some record of that.

MR. NIELDS: Was the President in California at that time?

THE WITNESS: On the 5th? Beginning of that period? Yes. He -- I forget when he went out there. He went out for Thanksgiving. So he was -- he had just returned from Geneva from the meeting with Gorbachev.

As I recall, Mr. McFarlane had gone directly out there. He had remained behind in Europe in order to conduct some briefings of heads of state after the Geneva summit. I believe he went directly from Europe to California. At least, that is my recollection.

Anyway, apparently I discussed that with the President on about the 5th of December. The President -- and I probably -- I can't -- I frankly recall this brief cover note. I probably did not discuss that with the President. It's really nonsubstantive.

When I would meet with the President on issues like this, I would give him a copy of the paper and I would also give -- or I would give him the original and give a copy to, if the Vice President were there, Don Regan were there, I would give them a copy of it. We would discuss the issue.

The President agreed with this and he signed it. I frankly was not happy with it because it was a very narrow finding. It did not, in my view, completely lay out all of our objectives. It was before we had had -- we had the meeting on 7 December over in the residence.

Again, I was just getting fully involved in the origins of the Israeli proposal. I hadn't had much of an opportunity to directly discuss the issue with the Secretary of State or the Secretary of Defense; but the CIA was anxious to get this signed, as indicated by Director Casey's note to me, and so I wanted to find out if the President was in general agreement with it. He was. In fact, he signed it.

But because I didn't think the finding was adequate, and also I hadn't had an opportunity to talk to the Attorney General about it, and it was our policy on any covert action finding the Attorney General was to clear off on it, so this finding was signed.

Now, the reason that the Tower Commission Report didn't have the complete record is that the -- the signed version of the document does not exist, because I destroyed it.

BY MR. LIMAN:

Q When did you destroy it?

A I destroyed it, to the best of my recollection, the early evening of November 21st, 1986.

Q Why?

A When -- going back to the meeting with Ed Meese and Bill Casey on Thursday the 20th, when it became clear that there was a disagreement over the recollection of the events of November, '85, Ed Meese asked to meet with the President on the following day, on Friday the

21st. Ed called sometime in the morning of the 21st and indicated that he wanted to come over and see the President. He may have given some indication of that on Thursday when we were meeting, talking about the briefings to the congressional committees the following day.

But anyway, he said that he wanted to come over to see the President at 11:30 and he would like for Don and I to attend the meeting -- Don Regan -- to attend the meeting with him. We did. He told the President, to the best of my recollection, that there was a disagreement about the facts, especially of the early phases of the Iranian project, and he wanted the President's permission to look into the facts and the President said fine.

Early afternoon on the 21st, the Attorney General called me and said, "In following up on our discussion with the President this morning," he said, "I would like to be able to send over a couple of my people to look at the files and records that you have and could you have somebody pull them together and I'll have my people get in touch with Commander Thompson," who was my military assistant, also the General Counsel for the NSC, and the primary liaison with the Attorney General's front office.

So immediately after the telephone call from the Attorney General, I called Commander Thompson on the intercom and told him about the Attorney General's request and I asked him to take responsibility for pulling the material together.

After I finished talking to him, I called Colonel North, told him the same thing. I wanted him to clearly understand the directions that I had provided to Commander Thompson about pulling the material together. He said that he would do that.

Then later in the afternoon -- well, the events of that day are important to you, and earlier in the day -- and I don't recall what time it was, but that was the day that Colonel North came in and -- with his old notebook. He kept notes in these half steno pads. He came in with a notebook that covered the time frame back in November, '85, and went through the notes of what he had told me in November of '85 that indicated that we clearly knew that Hawk missiles were aboard that aircraft. His notes did not shed any light on whether the President had approved it ahead of time or after the fact.

In that conversation with Colonel North, I don't recall exactly what he said, but I had the distinct impression that he was going to destroy that spiral notebook when he left the office. I didn't tell him to destroy it, but I also didn't tell him not to destroy it. It was completely consistent with my view that working notes and PROF's notes and that sort of thing were not something that we had to retain.

At this point, we frankly viewed the issues as a political issue, or I did anyway. The big -- the uncertainty in my mind was exactly what happened in November of '85. That's what we were trying to figure out. When later in the afternoon -- it was probably early evening, Commander Thompson came into my office. Because we had handled the 17 January finding outside of our normal channels, it would normally have been handled through our Intelligence Office headed up by Mr. DeGraffenreid; but even though I set that system up or was largely responsible for it, I deliberately in this case had decided not to use our formal system. I wanted to generally have the responsible cabinet officers involved. Again, I wanted to limit knowledge of the exact details as much as possible so they only knew what they needed to know to carry out their part of it.

So we -- I clearly accept responsibility for deviating in our standard procedures. But anyway, I had given at some point earlier in the year the 17 January finding to Commander Thompson to hold in one of the safes in our outer office. So he was in the process of going through what we had in the immediate office for Ed Meese's people to look at. When he called, I frankly thought there were very few records because of my penchant and all of the cautions that I had provided earlier about not putting anything in writing. I doubt if there was much. I certainly didn't believe, as I said, at that point that PROF's notes existed.

Anyway, when Commander Thompson came in with this envelope, the 17 January finding was in it as well as an earlier version. There were in total, starting with this version, there were three versions the President signed. There was this one --

Q The January 6th?

A One in early January and the one on the 17th of January.

Now, I always viewed that as one finding. In other words, we went through several iterations. The final product was 17 January. It was the only version of the finding that I felt was operative and when Commander Thompson started going through the stuff that was in the envelope, there was the 17 January finding, my cover memo to the President with the 17 January finding. There was the earlier draft in which there had been, from the 5th of January, in which a couple words had changed to the 17 January finding. And there was this original finding. There were two or three copies of PROF's notes kind of like this that addressed --

Q Kind of -- you are pointing to the exhibits we have been over?

A That's right. They were printed versions of PROF's notes from Colonel North to me that covered various aspects of the Iranian plan in 1986. And Commander Thompson said something to the effect that -- well, I don't want to put words in his mouth.

Q The substance of what you recall?

A The substance of it was that the first version of the finding is going to be embarrassing.

Q So what did you do?

A I said, "Let me take a look at it." I did. It put the thing in perspective. We were being put about the head and shoulders in the press that this was an arms-for-hostages deal.

The first version of the finding was prepared unilaterally by the CIA, by people that really didn't understand what our overall objectives were. They had written it in a very narrow way, frankly to colloquially -- can we go off the record?

Well, they wanted some protection.

MR. NIELDS: Use initials.

THE WITNESS: CYA.

MR. NIELDS: There you go.

THE WITNESS: Over the involvement of their proprietary in 19 -- November of '85.

But anyway, sitting there on my desk, Commander

Thompson is in front of the desk, my thinking is that if this gets out and if anything left my office, I didn't have any assurance that it wouldn't get out.

I decided that it would be politically embarrassing to the President at this point because it would substantiate what was being alleged, that this was strictly an arms-for-hostages deal, which truly it was not intended to be; and so I decided to destroy it. So I tore it up and put it into my waste container behind my desk.

BY MR. LIMAN:

Q In front of Commander Thompson?

A To the best of my knowledge, he was there.

Yes. And the -- the two or three PROF's notes that were in the package, I also destroyed at that time.

Q Admiral, did you understand that North was going to get rid of his spiral notebook for the same reason, because it would be politically embarrassing to the President?

A Well, I guess that -- I frankly --

Q Why did you? I don't want to put words in your mouth. Why did you think North was going to get rid of it?

A To understand our frame of mind at the time, as I said, the administration had been very concerned about leaks. An awful lot of sensitive information had leaked out over the years.

Generally, most leaks in my opinion occur because of -- and I don't want to -- I think all branches of Government are involved in leaks, the Executive Branch as much as any. Generally, leaks occur because people disagree with policy and they leak information out to preclude some particular policy option. So my general view was not to keep paper around. I thought that working notes, PROF's notes were working documents that we didn't have to keep. In my view, the less we kept around, the better.

At that point, it was still being viewed, in my view anyway, as a political issue over the Iranian arms missions.

Q Did you communicate that point of view to North?

A I certainly did over the months. I don't recall specifically telling him that in November of 1986, but that would be his clear view.

Q Did you tell him at the time he left your office with his spiral notebook words and substance to the effect that that book is going to be embarrassing?

A I did not say that to him. In fact, I didn't -- acquiesced to his destruction -- of what I thought was to be the destruction of the notebook by simply not saying anything.

Q What was in, to the best of your knowledge, recollection, those PROF's notes that you ripped up or destroyed at the same time that you destroyed the signed finding?

A I can't be certain, but I would be almost sure that they were copies of some of the stuff that is printed in the Tower COmmission Report. I don't recall that it had any additional information.

Q Did they refer to what has been called the diversion?

A No. To my knowledge, until Sunday, Sunday night, the 23rd, I didn't think there was anything in writing any place on the transfer of funds to the contras.

Q Had you not remembered -- remembered that memorandum?

A I did not remember that memo.

Q Had you ever seen any memorandum that referred to this?

A Nothing. With hindsight now going back through the Tower Commission Report, there were oblique references. I didn't remember those.

Q The oblique references in the PROF notes that we have $6 million available?

A Right.

MR. LIMAN. Why don't we take a break now.

I can get you lunch up here.

(Discussion off the record.)

(Whereupon, at 12:45 p.m., the deposition recessed, to reconvene at 2:00 p.m., this same day.)

AFTERNOON SESSION

(1:50 p.m.)

MR. LIMAN: Let's go back on the record.

Whereupon,

JOHN M. POINDEXTER

was called as a witness and, having been previously duly sworn, was examined further and testified as follows:

EXAMINATION BY COUNSEL FOR

THE SENATE SELECT COMMITTEE

BY MR. LIMAN:

Q Do you recall the meeting with the President and others on December 7, 1986?

A Yes, I do.

Q You were present:

A Yes.

Q Why don't you just tell us what you recall?

MR. SMALL: Excuse me, Arthur, did you say '86?

MR. LIMAN: '85.

THE WITNESS: I was referring to '85.

BY MR. LIMAN:

Q December 7, 1985.

A Again, to put this in perspective, this was just a few days after the President had named me to succeed Mr. McFarlane. As I recall, Colonel North was in London at the time or he was about to leave to go to London to meet with Ghorbanifar and some Israelis who were involved in the meeting. I can't remember exactly who they were. But we were concerned from the beginning with the Israeli channel because we hadn't had any direct contact with it.

I can't recall at the time whether we knew the man's name was Ghorbanifar or not; but the President generally at least as reported to me by Mr. McFarlane earlier was in favor of pursuing the Israeli idea, at least as far as trying to get a channel functioning into the Iranian government so that we would have an influence on the -- what we saw as the upcoming succession there, as Khomeini passed away or -- through some other event, the government changed.

We were most anxious to keep the -- Iran out of Soviet hands. Our general assessment of the situation in that part of the world was that the Soviets were trying desperately to get through to the Indian Ocean, a warm-water port. It has been historically an objective of the Soviet Union. So Iran was a vulnerability to us in that regard.

I don't want to minimize the President's concerns about the hostages. He was very concerned about the hostages, was from the beginning. We worked hard and diligently to figure out how to get the hostages back one way or the other.

So the President saw this as a way of getting the hostages back, as a possible way. So he generally felt that we ought to at least pursue the Iranian suggestions.

But in order to make a decision on whether to do that or not, we felt that it was important that Mr. McFarlane meet with the Iranian contact and come back with a personal assessment as to what he thought.

So there had been meetings with cabinet officials and the President prior to that time; but, as I told you, I wasn't involved in most of those.

The August meeting, the first time to my knowledge that the President -- or Mr. McFarlane talked to the President, when the President was out of the hospital either just before or after an operation. The Chief of Staff, Don Regan had gone out to the hospital. I hadn't participated in that.

Since I was taking over as National Security Adviser, I think I am the one that encouraged we have a meeting over in the residence on 7 December. It was a Saturday. In fact, I approached that meeting thinking that I was probably going to lead the discussion, because Mr. McFarlane's general view at that point, even though he technically was the National Security Adviser, he was sort of phasing out and I was handling all the meetings with the President at 9:30. But at the last minute, I learned Mr. McFarlane planned to go. So he did go to the meeting, too. In fact, he led the discussion.

Ahead of time, I talked to Secretary Shultz, Secretary Weinberger, and Director Casey about the general nature of the meeting, what the general subject was. Secretary Shultz and Secretary Weinberger said they would be there. Director Casey said he was going to be out of town. He was aware of the proposals and he supported them. In fact, to my recollection, he said I had his proxy in terms of telling the President that. He asked if John McMahon, the Deputy Director of Central Intelligence, could attend in his stead. I said that would be fine.

I can't recall whether I talked to the Vice President or not. Probably did, but I just can't remember that. The Vice President was not there. Apparently he was out of town. Certainly if he had been in town, he would have been invited and probably there.

So we convened on Saturday morning, the 7th of December, over in the living room of the residence; and it was the President, Secretary of State, Secretary of Defense, the Chief of Staff, John McMahon, the Deputy Director of Central Intelligence, Mr. McFarlane, and me.

Normally, I would keep notes at such a meeting, but again this was such a sensitive area that I did not by my recollectio[illegible]nceivably could have written a few things on a yellow legal pad, but subsequently destroyed them at the time, not recently. Because I couldn't find -- I can't find -- there may be conceivably a paper somewhere in the White House, but I rather doubt it. Because, again, we considered -- I tend to make a distinction between formal NSC meetings or NSPG meetings, at which we would invariably prepare a memorandum for record of the meeting, including the notes of whoever the notetaker was.

I don't like taking detailed notes like that. Usually, even when I was deputy, I arranged for somebody else to be there as the actual notetaker.

You should find, although it is probably not in this area, but there should be in the NSC or White House files some handwritten notes from NSPG meetings that I made.

But I don't think you will find anything on this subject, because I purposely didn't take notes on it.

Mr. McFarlane started the discussion and reviewed in -- at least as best I can recall, in general terms his contacts with the Israelis. I frankly can't recall much discussion, if any, of the earlier TOW shipments or Hawk shipments which is kind of interesting. I really can't recall that. It is conceivable that it wouldn't come up, because the meeting was primarily focused on the future;

what were we going to do at this point.

Mr. McFarlane went through all the strategic reasons why Iran was important to us. He went through reasons that he thought the Israelis were interested in doing this; and all the Israeli reasons are not necessarily the same as ours.

[redacted]

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pages 124- 126 deleted
in their entirety

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[redacted]

Usually on a controversial issue, where there wasn't pretty good agreement, he wouldn't take a decision in the meeting. So the meeting broke up.

Later in the day -- and I am not certain about this -- the President could have called me, but I rather think he called Mr. McFarlane. My schedule would shed some light on this. I think I had a lunch down in the Situation Room after the meeting with Secretary Shultz. I think Mr. McFarlane was still up in his old office. My recollection is after my meeting with Secretary Shultz, I went and asked Mr. McFarlane if the President had called. My recollection is that he said that he had and that he had agreed that -- as I knew he would -- that Mr. McFarlane go to London.

Q I am going to just skip ahead to the milestones. Did Mr. McFarlane report to you when he returned?

A From --

Q London?

A Yes. Well, actually he flew out to London on a Saturday. I think he came back on a Sunday, late. I got a debrief, I think, first from Colonel North, or maybe Mr. McFarlane, one or the other, because Mr. McFarlane still had his PROF's terminal in his quarters. He may have replied directly to me; but anyway, I believe I gave the President a brief debrief the following Monday morning.

Q Do you remember what McFarlane's point of view was?

A Yes. But then Mr. McFarlane came in to my 9:30 meeting on Tuesday, the 10th, I believe.

Q Why don't you tell us the substance of what Mr. McFarlane reported to the President and to you.

A The substance was that he was very uneasy with the Iranian interlocutor, Ghorbanifar, and was pretty pessimistic, I guess is the fair way to describe it, based on my recollection, that we should proceed ahead with it. At least unless we could get a better channel into the Iranian government. I think that's the substance of his recommendation.

Q At that point was there any plan to continue operating through the Ghorbanifar channel?

A The President really wasn't ready to give up at that point.

Q Did you get a report from North that if you abandoned this, the hostages might be killed?

A That's conceivable. That was often Colonel North's view, that the hostages were at risk.

Q Were you concerned that having started on the process, that you were now becoming hostage to the process itself?

A Well, a little bit. I think you can tell that from my notes where I say we are already pregnant for 500. That was part of it.

But the President clearly, his primary concern, was the hostages. I don't mean to imply that he wasn't considering the strategic importance of an opening to Iran, because that was indeed considered. But he was very concerned about getting the hostages back. He did not view this, as he had said -- and he made this speech many times in my presence, that he did not consider this an arms-for-hostage deal because the arms weren't going to the people that held the hostages.

Q He would say that -- drew the distinction between giving the arms to the hostage-holders and giving them to Iran?

A That's exactly right. That's a fine line. But he was drawing it.

Q He also at that meeting drew a line, didn't he, between selling arms directly to Iran and letting Israel sell them?

A Yes, he did. He did make a -- later we had to fall off of that. I can tell you why.

Q We will come to that. But on the same subject of the hostages, is it fair to say that concern about the hostages led to the DEA project earlier in the year in 1985?

A Oh, absolutely.

Q That was approved by the President?

A Yes.

Q And approved by the Attorney General?

A Yes.

Q In connection with that project --

A Now, you need -- I need to be a little careful there. I am not sure that the Attorney General had general knowledge of that project and had authorized the DEA people to work with us.

Q Was there any consideration given in connection with that project to getting a finding?

A No. Well, now wait a minute. There may be -- we may -- I forget exactly the rationale on that. There may very well be a general enough finding to cover that particular --

Q Was there a rationale or was it that it just wasn't thought of? You can think of something and decide you don't need it, or you can just not think of it. What was it in that case?

A I did not think in terms of a finding on the

DEA business. It was part of our general effort.

Since the first hostage -- after the first hostage was taken, we really had a very concerted effort to locate the hostages. [redacted] Our problem was lack of intelligence, a timely and accurate intelligence.

Q There was even a discussion about the possibility of ransoming them, wasn't there?

A Yes, using --

Q Private money?

A Well, ransoming. I wouldn't describe it that way.

Q Well, if you bribe [redacted] you can call it a bribe.

A Right.

Q Or you can say -- you can call it ransom too?

A Right.

Q This tended to be considered a bribe rather than ransom?

A That's exactly right.

Q You felt better when you called it that?

A That's right.

MR. BECKLER: [redacted]

[redacted]

MR. LIMAN: I think the Admiral and I understood each other on that. It is not a particularly central issue.

THE WITNESS: But we did not talk in terms of ransom. We talked in terms of bribing [redacted] or bribing [redacted] in order to let us get them out.

BY MR. LIMAN:

Q The --

MR. BECKLER: Off the record.

THE WITNESS: To follow up on one more point here, in the business of national security and foreign policy, we often have to draw very fine lines. You know, the Daniloff case is another example.

BY MR. LIMAN:

Q This wasn't, of course, the only thing that was happening in December of 1985?

A No.

Q Not to suggest the only other thing was the contras, I would like for you to look at your notes on page 16. You have already discussed the reference to [redacted] This is the briefing with the President at 9:30 in the morning.

Also, would you read the references there to your meeting in [redacted]

A [redacted] These notes are just to debrief the President on those two points.

Q Did you offer either of those countries any assistance?

A [redacted] our assistance to them was not contingent upon their helping. I did not make that point. In each year in our foreign assistance program, we do have money to support the surrounding countries.

Q Admiral, there came a time when you were visited by Mr. Nir?

A Right.

Q Do you remember when that was?

A Yes.

Q When was that?

A It was January 2nd, at least according to my notes. That was 1986.

Q Did you take notes while you were meeting with him?

A No. I think that's impolite when meeting with foreign officials to take extensive notes. Those notes will represent my recollections of the meeting shortly thereafter, probably on the aircraft on the way to California.

Q Using the notes if you have to to refresh your recollection, just give us the substance of what transpired at the meeting with Nir. You don't have to go into every little detail.

A All right. He started off by -- I don't think this was my first meeting with Nir. I had met with him some months or years earlier when he was in the -- it was apparently just after Peres had appointed him his special adviser on counterterrorism; and I had agreed to meet with -- my recollection is we had convened a session of the

Terrorist Incident Working Group, which was our interagency group for combatting terrorism.

Nir had been invited to attend just so everybody could meet him. So I had met with him briefly then just on the general subject of terrorism.

This would have been probably the second time that I ever saw the man. He indicated to me that Prime Minister Peres had sent him, that there were few people in the Israeli government that was aware he was coming to the United States to make this proposal.

He indicated that Rabin and the Defense Minister and both Peres and Rabin's military aides were aware. He was clearly trying to make a point to me that they were -- the Israelis were handling this in a very compartmentalized way.

He indicated that the reason -- one of the reasons that the Israelis had gotten involved in this channel to Iran was [redacted]

So obviously this was the first time that that had come to my attention. It helped explain a little bit in my mind probably why the Israelis were so interested in Iran.

What he didn't say, but what I knew, is that their general -- in fact, he may have said this. He said that their point of view, the Iran-Iraq war as a stalemate was not all that bad. It kept the Iraqis engaged and kept them away from more antagonistic moves against Israel.

He also said that they certainly agree with us that we had to keep the Soviet Union out of Iran.

We talked about the hostage problem. At that point, not only did we have the American hostages, there were a few French and British, as I recall, and there were some Israeli hostages, some Israeli soldiers that had been taken in Lebanon. They were interested in getting them back as well.

We talked a lot about the strategic importance of Iran and we agreed that we did have some coincidence of interest here. He indicated that Prime Minister Peres wanted to help the United States and they were willing to take some risks in providing that help.

We went through a proposed plan which would be unilateral, the U.S. not directly involved other than replacing the arms afterwards.

Q Did he say this would be deniable by the United States?

A We discussed how to handle the issue of a public exposure of it. One option that we discussed was that the

U.S. just simply deny it and for awhile, that was a working hypothesis, but frankly --

Q Wasn't very plausible?

A Wasn't very plausible.

Q All right.

A So I never really took that part of the plan seriously. There was concern on the part of some members within the administration that -- I guess the Vice President would probably fall in this category -- that one of his concerns, although he was supportive of the, of what the President wanted to do and he thought we ought to go ahead with it, [redacted]

Now, the one -- so far in the meeting with Nir there wasn't anything particularly new that hadn't been covered earlier by the Israelis. But the Israelis had gotten word, I think at this point, of -- well, they had been in the London meetings with Mr. McFarlane; and they knew that meeting had not gone very well. They knew I had just taken over. They obviously wanted to push ahead with it, I am sure for their own selfish reasons; but I think there was also a genuine desire on the part of Peres to help the President. He knew the President was concerned about hostages and [redacted]

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Page 138 denied in its entirety.

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[redacted]

Q Did he ask you about the replacement of the 500-odd TOWs that the Israelis previously shipped?

A Yes, he did.

Q What was said on that subject?

A At that point, and again this is an indication of my lack of knowledge of what happened in the early months, I did not realize at that point that there was any U.S. agreement to replace those 508 TOWs. When Nir raised it in that meeting, as I recall, it was the first indication that I had that they expected those 508 TOWs to be replaced.

Q Did he say he expected them to be replaced for nothing?

A No. No. No. They wanted to buy them.

Q Was there an issue of what the price would be?

A I believe there was. I'm not sure that came up in the meeting. I have really -- you know, I have not gotten involved in that level of detail in terms of what these things cost.

Q Did it later come up? Why don't you just take us through what the dispute was, if any, with Israel on what they should pay for the TOWs?

A As near as I can tell, when it came time to -- well, after the January meeting, when it came clear that they expected to buy replacement TOWs from us, the question was, what kind of TOWs do they want to buy and what was the cost going to be. And as I -- I vaguely recall that one of the concerns was that they had sold the Iranians an older version of the TOW missile, and when the Israelis

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through their purchasing agent in New York had tried to check on the availability of the older version because the Israelis apparently didn't have enough money to pay for the newer version out of what they had gotten from the Iranians or what the Israeli government had gotten, they started checking on the old TOWs.

Immediately the question arose as to why were they asking for old TOWs instead of the newer, improved version. So their purchasing agent, being a very quick-witted guy, immediately stopped asking questions.

Then I vaguely remember other conversations with Colonel North at the time in trying to figure out how the Israelis would have enough money to buy the 508 TOWs with the money that they said was available.

We also, I think, somewhere along the line in about that time frame learned that the Israeli businessmen that had been involved were making considerable profit, and Nir seemed to be unaware of it and said that Peres was unaware of it. We never did pursue that very much.

Q Admiral --

A But then I know that there were several discussions between Colonel North and the logistics people out at CIA and the people at Defense with what to sell the replacements to Israel for; and there was an issue of whether [illegible]der version or

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the newer version.

At one point, Colonel North, I recall, made the argument to me in one of his debriefings that the U.S. Army had TOWs whose shelf life was running out and he didn't really understand why Defense couldn't sell those at a lower price, because otherwise, in a few months or years, the TOWs would be useless and they wouldn't get any money for them.

But now what I am reporting to you is what Colonel North reported to me in terms of the actual decision with CIA and the Defense Department; I didn't get directly involved in that.

Q Admiral, was there a plan ultimately for the Israelis to pay for the TOWs in part out of the proceeds of the new missile sales to Iran? Was that presented to you?

A I don't recall that.

Q Let me just move on. We will have more opportunity to take testimony and to talk before your public testimony takes place. I would like to hit some highlights.

You talked about the finding that was signed by the President in early January, 1986.

Would you make this as the next exhibit?

(Poindexter Exhibit No. 13 was marked for identification.)

BY MR. LIMAN:

Q I will show you a copy of a finding dated January 6, 1986, bearing what appears to be the signature of the President. I should tell you there is a handwritten note "and third parties" that was inserted by Stanley Sporkin when this was rewritten on January 17.

A I remember it well. That was added.

Q Was this the finding signed by the President in early January?

A Yes.

Q You read the Tower Board said he signed it by mistake?

A I can't necessarily disagree with that. I can't remember the exact conversation with the President.

As I think I have said earlier today, the President did have a tendency if you put a piece of paper in front of him, if he agreed with it, he signed it. Whether when I presented this to him in early January of '86, whether it was for final signing or just to discuss with him the direction that we were going, it would be hard for me to say at this point.

Q Do you remember that subsequent to January 6th, January 7th, you had another meeting of the group?

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A That's right.

Q At that time that they were meeting -- this time it was Meese and Secretary Shultz and Secretary Weinberger and yourself.

A And the Vice President.

Q And the Vice President.

A And Don Regan.

Q And Don Regan.

Do you remember whether you were aware that the President had already signed the finding?

A I am sure we were.

Q Who is we? You and the President?

A Let me see.

Q Who was aware the President had already signed it?

A I think that no doubt -- well, on the 6th of January, you would have to check the diary to see who was present at the 9:30. I would have covered this with the President at the 9:30 meeting on the 6th. I don't remember who was there, but I would guess Don Regan and the Vice President were also there.

But on the -- the reason for having the meeting on the 7th was that the President clearly recalled the last meeting at which Secretary Shultz and Secretary Weinberger were there and, in fact, had made very strong

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cases as to why we should not proceed. I don't recall at this point whether it was my suggestion to the President or whether he decided that we ought to have one more informal NSPG meeting.

What I started to say earlier and never quite got it out, I don't think, we made a distinction. These meetings were really characterized as a meeting of National Security Advisers to the President in a broad sense rather than calling them an NSC or NSPG meetings.

Anyway, I am certain on the 6th when the President signed what I consider to be a preliminary version of the finding, that also on that day we agreed to have a meeting the following day to discuss that; and so I'm convinced that I would have known on the 7th that the President signed this on the 6th, and the President remembered, and probably Don Regan and the Vice President if they had been at the 9:30 the previous day.

But the meeting on the 7th was set up as one final Review of the situation. It also -- it was at that point I was concerned that we had not had the Attorney General formally into it. I had talked informally with the Attorney General. Either Stanley Sporkin or Ollie North had talked to the Attorney General. So I knew the Attorney General's position, I thought. And indeed, I did.

Going b[illegible] meeting, Secretary

Shultz and Secretary Weinberger had raised the legality question; and if the President said what you implied he did, I am sure that's why he commented that way. But -- and after that 7 December meeting, I had told Colonel North to work with Mr. Sporkin on a new finding and also get the Attorney General into the act so we could settle this question as to whether there was a legal problem or not a legal problem.

At some point between the 7th of December and the 7th of January, it was reported to me by Colonel North that indeed the Attorney General did not have a problem with it, that earlier in the administration --

Q The French Smith opinion?

A Yes.

Q All right. We can always come back to that at some other point.

A All right.

So one of the reasons for having the meeting on the 7th of January was to give the Attorney General an opportunity to tell the President that directly.

Q Did he tell him that?

A I believe he did tell him that.

Q And in substance, what he said was if you act pursuant to a finding --

A Under the National Security Act --

Q -- that that supersedes the Arms Export Control Act?

A Control Act, that's correct.

Q That was based on the same reasoning as French Smith used in his earlier opinion?

A Actually, to be accurate, it was what Smith was doing was that he was agreeing with an analysis that had been done by the legal adviser to the State Department, Davis Robinson.

Q Now -- go ahead.

A I was going to say, between the 6th of January and the 17th of January, we continued to work the finding.

Q On the meeting that you had on the 7th, what was the line-up in terms of who was in favor and who was against?

A I think everybody in the meeting on the 7th of January was in favor of doing it except the Secretary of State and the Secretary of Defense. That is my best recollection.

Q That must have been a rare moment for you to have both of them in agreement?

[redacted]

Privacy

Q It was my statement.

MR. BECKLER: I thought he said everybody was in favor of it [illegible] Defense and State.

THE WITNESS: They were in agreement together.

MR. BECKLER: Oh, I see. I see.

BY MR. LIMAN:

Q Let's go on to the reworking of the finding, because it wasn't just a reworking of the finding, it was a reworking of the transaction, wasn't it, the structure of it?

A Yes.

Q On the 6th, and I am trying to move it along so we can get out of here today and have, as I said, another opportunity. But on -- at the time that you were talking to the group on the 7th, you were still talking about a sale by the Israelis with the United States replenishing their stocks?

A That's correct.

Q What happened between the -- that meeting on the 7th and the January 16th finding?

A Seventeenth finding.

Q January 17th finding. I am sorry.

A Let me clarify one point that I agreed with you on, though. At least that was my understanding of what we were talking about. We were talking about -- I am not at all sure it was the Attorney General's understanding at that point.

Q At least as you understood it --

A As I understood it at the time, we were still talking about Israel providing -- selling the arms to Iran and the U.S. allowing the Israelis to purchase replacement arms from the United States.

Q That had been the Nir proposal?

A That had been the Nir proposal.

Q What happened in the restructuring? How did it come about?

A I don't recall everything that happened between the 7th of January and the 16th, but we were still working on the finding and making sure that -- and the meeting on the 7th, I don't recall. I probably did not say in the meeting that the President had signed the finding, a finding the day before.

Q Was there a reason you didn't say it?

A I frankly -- again, and that's why I think that, you know, it's probably accurate to say the President inadvertently signed this the day before, because I hadn't really had a chance to sit down and show the finding to the cabinet officers involved.

Q So you wanted to give them an opportunity to be heard, not tell them that you are just here to talk about something which has happened?

A That's right. That's right.

Q The President could have changed his mind?

A Could have, but I didn't think he was going to.

Q In any event, no action had been taken on the finding at that point?

A That's correct.

Q Let's go on to why things got changed.

A On the 16th of January, I invited the Secretary of State, the Secretary of Defense, the DCI, and the Attorney General to a meeting in my office to discuss the finding, and it was -- the timing of it was somewhat impromptu. They had all been, I think except maybe one of them, in the White House for another function. I asked them to drop by my office afterwards. They did.

I must say that I am not certain about Secretary Shultz, but before Director Casey was hospitalized -- before I left the White House, he and I both recalled vaguely that Secretary Shultz was there at the beginning of the meeting.

Secretary Shultz had another engagement. This was in the late afternoon or early evening; but anyway, Secretary Shultz knew at the time at least what we were going to discuss and when he found out what it was, he said, "Look, you know my position on this. I've got to go to this other meeting," or function. So he was only there a few minutes.

Later he has claimed that he was unaware there was a finding, but I always viewed that he knew there was a finding. I don't believe he ever saw it, but he knew that there was a finding, and frankly he had an opportunity to participate in the drafting of it. But Secretary Weinberger and Director Casey and the Attorney General and I sat down. Stanley Sporkin was also there. I can't remember whether Colonel North was there; he probably came in at some time. I know -- I don't know if he was there at the beginning.

Thompson was coming in and out of the room during our discussions. I think we asked him a question about the Arms Export Control Act and he went to get references.

At that meeting on the 16th was the first I learned that what the Attorney General thought we ought to do was go direct from the U.S. to Israel rather than --

Q U.S. to Iran?

A Excuse me. U.S. to Iran, rather than Israel to Iran, and then the U.S. to Israel. As I recall, his rationale was that if -- he reiterated again that he was in agreement with the William French Smith determination earlier, but that if we were going to do this under the National Security Act, then the CIA would be purchasing the material from the Defense Department under the Economy Act and under tho[illegible]uld be no reporting requirements required to the Congress, whereas if the Israelis had taken weapons from their stock and sold them to Iran, those weapons that they were selling them would have been transferred to Israel under the Arms Export Control Act and, therefore, technically there would be a reporting requirement for the third-country transfer of those arms. And the way to make it clean -- and, of course, I wasn't so much worried about those details, but I saw this was a way that we could have more direct control of the operation, because, frankly, we were uneasy with what Schwimmer and Nimrodi had been doing, and I just felt that we had more control over the whole thing and make sure we didn't go through another screw-up as in November.

A lot of this recollection now I have thought about the issue for a long time, over the past few weeks, months. And so I readily agreed to it. Secretary Weinberger and Director Casey agreed to it, and the change here is really not related to that issue.

I think the way -- it turned out that the Attorney General had seen this finding, the one that was signed on the 6th January earlier. I don't think at the time I realized that; but as I understand it, the way this was originally written on the 6th, it would have allowed us to go direct.

Q But was a decision made that you would go direct or through an agent?

A Well -- oh, direct or through an agent?

Q Yes. As opposed to Israel.

A There was a discussion in the 16 January meeting as to how Director Casey would implement this finding once it was finally cleared off on.

Q What was --

A It was my understanding at the time that he was going to use a private agent.

Q Was it your understanding he was going to use Secord?

A No. I do not recall on the 16th that Secord's name specifically came up.

Q Let me see if there are things that may refresh you.

First, did you meet General Secord in January prior to the January 17 finding to discuss Iran?

A I'm not certain. I may have. I really don't know. I met with General Secord I guess my whole time in the White House maybe three or four times.

Q What do you recall talking to him about?

A One, it seems to me it was either just before or just after the trip to Tehran.

Q Okay. When else do you recall meeting with him?

A I am just trying to remember.

Q Did you ever meet with him to talk about the contras?

A It's conceivable that I did. It wouldn't have been to any level of detail. It would have been to thank him for his efforts rather than going into any details.

It seems to me he came in on a Saturday morning at some point, but I can't recall whether that was related to Central America or to the Iranian project.

Q Do you remember when it was?

A I'm sorry. I just can't.

Q I apologize. I do not have your schedule here. I could have brought it. I wanted to move more into other things.

A I met with him a few times. It was mainly what I would categorize as hand holding. In other words, in my view, General Secord was making a significant sacrifice.

Q What was that based on?

A That was based on the fact -- well, for instance, I can recall a discussion [redacted] "You know, Dick is losing a lot of money in that he's not having time to attend to his other business." [redacted]

[redacted]

Colonel North was always telling me that he thought Dick was losing money.

Q There came a point --

A So --

Q I am sorry.

A I was going to add, so one of the objectives in meeting with Dick the few times I did was to thank him and indicate to him that we appreciated his efforts.

Q Did there come a point when you learned that the Secord company was going to be used as a vehicle in the Iranian arms transaction?

A Yes. At some point that became obvious to me; but frankly, I left it up to -- you know, I'm not trying to back off from anything here, but I really always did view the implementation of the finding as Bill Casey's responsibility, and I wanted it to be -- I wanted the project run the way he wanted to run it. If we wanted to continue to use Ollie North on my staff as a significant player, that was fine; and Bill chose to run it that way. I agreed with him.

Q Did you --

A I left the decision about who should be the agent up to Bill.

Q Did there come a point when you realized that there was a differential between the price at which the CIA was paying for these missiles and the price that the Iranians were paying?

A Yes. As I said earlier, when Colonel North came into me initially, which I think was in February, it was clear from that discussion at least in general terms that the way they would -- the way Colonel North had proposed that it be done,that these funds could become available, would be by overcharging the Iranians for the arms.

Q Did you know what the amount of the profit was?

A I didn't know that. I may have known in general magnitude, but --

Q Did you know, for example, that the Iranians were paying around $10,000 a TOW?

A I remember hearing that figure.

Q I could show you PROF notes that show it.

A Yes.

Q Were you told that the Defense Department was getting about $3500 a TOW?

A Yes, I knew about that.

Q So if I subtracted one from the other, I come up with $6500 and multiply it times 1000, it's $6.5 million; right? Is my arithmetic right?

A Yes.

Q Who did you think was going to be getting that profit?

A That profit would go into one of the accounts that General Secord had that he would then use to purchase arms to support the democratic resistance.

Q Who told you that?

A Colonel North.

Q So that you believed that whatever the profit was on all of these transactions would go to the contras?

A Well, yes. There were -- there would be administrative costs in terms of chartering aircraft.

Q But that's expenses.

A Yes.

Q But the profit itself --

A I was -- in fact, the issue never came up. I certainly never assumed that anybody would make a personal profit out of the --

Q When you say you never assumed, did someone tell you that Secord isn't going to make a profit out of it?

A I don't recall a conversation in which that was specifically said, but the reason that I said what I did earlier was that my frame of mind, I mean the atmosphere at the time, was that Dick was losing money, not making money.

Q Who told you he was losing money?

A Colonel North.

Q So what you had was that you had some information about what the prices were that indicated that there should be a substantial profit, or a high profit?

A Yes. Several million dollars was the way I thought about it.

Q Well, how did you get from a differential of $3500 a TOW to -- a differential between $3500 a TOW cost and $10,000 selling price to just several million dollars?

A Because there were -- you are going back to Nir's proposal. We were talking in terms of several thousand TOWs.

Q If there were several thousand TOWs, then for each TOW, you have a $6500 gross profit?

A Right.

Q And for 1000 TOWs, you have $6.5 million gross profit?

A Right.

Q I don't know what figure you were using in your mind for expenses, but it couldn't be --

A No. I said --

Q -- that much.

A The point I was trying to make, maybe I didn't make myself clear, it was clear to me that if all this worked as planned, there would be several million dollars go to the support of the democratic resistance.

Q My question is, what would happen to the difference?

A I didn't know there would be a difference.

Q You thought whatever profit there was was going to the contras?

A That's right.

Q The reason you thought that was because that's what North was telling you?

A Yes. And I don't have any reason to doubt that. I hope that's the way it happened.

Q You would rather, even with all the criticism that has occurred, you would rather have the money go to the contras than into someone's pocket?

A Absolutely.

Q Why is that?

A Beg your pardon?

Q Why is that?

A Well, that was the objective. At the time --

Q Your lawyer might prefer it to go the other way.

A Nobody thought in terms of illegalities. We thought that -- I thought I was carrying out, you know, the President's objective. As I said earlier, we knew it would be controversial, but our mood was one of doing what

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we thought was in the best long-term interests of the United States.

Q Admiral, you said before that the -- that you saw this as consistent with getting money from private donors or third countries?

A Correct.

Q If it were from private donors, it would be from Secord? Who was it that was giving you the money?

A From Iran? From the Iranian project?

Q Yes.

A Secord or whoever the private agent was.

Q Did you think of it in terms of the fact that the Ayatollah was at least indirectly paying for the contras?

A We thought about it that way.

Q Who is we?

A Colonel North and I.

Q Did you find that ironic?

A Yes.

Q Was not that something that you attempted to share with the President of the United States?

A No.

Q You never had any temptation to say to the President that we got the Ayatollah to pay for the contras?

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A Mr. Liman, that's not my style to -- I really am a very low-profile person. I don't feel that I need a lot of acknowledgement in order to get any sort of psychic income. I knew that it --

Q I am talking about psychic income for the President, not for you.

A I know that. I knew it would be controversial. I thought the best way to protect the President on the issue and at the same time make possible his policy objectives was not to tell him about it. I really didn't.

I only talked to Colonel North about -- he is the only person I have ever talked to about it until Monday the 24th of November when Ed Meese came to see me, and then on the 25th, in the meeting with the President.

Q You also then later talked to the FBI about it, too?

A No. I don't believe I did. My only contact with the FBI was they -- as I told you earlier, I had a safe out at my house and sometime -- in fact, I think it was the Friday just before I retained my attorneys. They wanted to come out, two of their agents came out to the House with one of the NSC staff administrative people to collect the contents of my safe. The only thing that was in the safe was a -- my portable computer terminal, PROF's terminal. I did not keep paper in the House.

Q Admiral --

A But I don't think I have ever said anything to the FBI about the transfer of funds.

Q Admiral, did you ever tell the President of the United States that Iran was giving any money to the contras?

A I have no recollection of that.

Q Did you ever tell any third person that you had told that to the President?

A No. I have read the press reports. I have not knowingly told anybody since I left the White House except my attorneys and my wife.

Q You knowingly told them about what?

A Knowingly said that I had talked to the President. I assume you are talking -- maybe it's the wrong assumption. I assume you are talking about the press reports that I was going to testify that --

Q The press reports that said that you had talked to the President twice.

A I don't know where that comes from. I have not told anybody that, you know.

Q You never told anybody, including your wife, that, I take it?

A Told --

MR. BECKLER: Told your wife --

BY MR. LIMAN:

Q Told your wife that you told the President on two occasions?

A No.

Q As far as you are concerned, that's a falsehood?

A That's a falsehood. I don't want to think ill of people. But it is conceivable I said something that caused somebody to interpret something I said that way. I don't think I have even said that.

Q What could you have said that was truthful that would have led to that interpretation?

A I have no idea.

Q Did you ever say that to Admiral ~~Morrow~~ Moreau?

A No. Admiral ~~Morrow~~ Moreau was --

Q He died in December.

A Yes. But he was out of the country -- I forget when he went to Naples. It was before -- in fact, I ~~haven't~~ hadn't talked to Admiral ~~Morrow~~ Moreau since he left the United States.

Q After you left office, did you have conversations with Mr. McMahon, the Staff Director of the Senate Intelligence Committee?

A The last time that I saw Mr. McMahon, and I think the only time --

MR. BECKLER: Since leaving office?

THE WITNESS: Since leaving office -- was he attended the meeting that I had with Senator Durenberger and Senator Leahy on Friday the 21st of November.

BY MR. LIMAN:

Q So the answer is you never told him anything to that effect?

A No.

Q When he was called to testify.

A Oh, that's right. That weekend in December. I forget.

Q When you were called to testify then?

A Right.

MR. LIMAN: Mark as the next exhibit the memorandum that accompanied the finding for the President and the finding itself. It's a memorandum dated January 17, 1986.

(Poindexter Exhibit No. 14 was marked for identification.)

MR. LIMAN: Mark as the next exhibit the notes of Admiral Poindexter's of January 17, 1986.

(Poindexter Exhibit No. 15 was marked for identification.)

MR. LIMAN: You can also look at Poindexter 15.

THE WITNESS: This must be out of the -- this must be out of the 9:30 file.

MR. BECKLER: Referring to exhibit --

THE WITNESS: Fifteen.

MR. VAN CLEVE: Is that your handwriting?

THE WITNESS: Yes. It is my printing.

MR. BECKLER: Do you have another copy of that?

MR. LIMAN: Yes. Here you go.

BY MR. LIMAN:

Q Israel to Iran reporting problem, new plan, submit determination of vice 500. What does that mean?

A We are talking about 1000 TOWs vice 500 TOWs.

Q Downside meant you discussed the downside of it?

A Right.

Q New finding meant you told -- right under it -- you told the President that the Attorney General, Meese, and the DCI had approved?

A The finding, that's right. Shultz and Weinberger --

Q Still recommending against it?

A That's correct.

Q If you look at the -- is it Exhibit 16, the memorandum dated January 17, 1986?

A That's Exhibit 14.

Q Exhibit 14. Who prepared that for you, General, do you recall?

A I am almost certain Colonel North did. In fact --

yes. Page 3, it indicates it's prepared by Oliver L. North.

Q If I look at page 3, it says R.R. per J.P. understands the recommendation. Why did you do it that way?

A Because that's the way I often did issues where I discussed them verbally with the President. As I recall, that day when I met with the President, with the final version of the operative finding, because it was so sensitive, I did not make any usual copies of it to hand out to the Vice President and the Chief of Staff but instead kept the cover memo in my hands and probably read the cover memo to the President and just gave him the finding that was attached.

In a case where I did that, maybe you will find others in the record where a similar thing happens --

Q Where it says "1000, 17 January '86," is that your handwriting? Page 3?

A Yes. That's 10 hundred. In other words --

Q That's the hour?

A That's the hour.

Q Would you look at page 1. It says, "We have researched the legal problems of Israel selling U.S.-manufactured arms to Iran. Because of the requirement in U.S. law for recipients of U.S. arms to notify the U.S. Government of transfers to third countries, I do not recommend that you agree with the specific details of the Israeli plan. However, there is another possibility. Sometime ago, Attorney General William French Smith determined that under an appropriate finding, you could authorize the CIA to sell arms to countries outside of the provisions of the laws and reporting requirements for foreign military sales. The objectives of the Israeli plan could be met if the CIA, using an authorized agent, as necessary, purchased arms from the Department of Defense under the Economy Act and then transferred them to Iran directly after receiving appropriate payment from Iran."

A That's correct.

Q What did "appropriate payment" mean?

A It meant whatever -- in the context of this memo, it meant whatever the price was that we would have to charge the Isrelis for replacements. In other words, the point that was being made there is that if Israelis -- as happened earlier, if they sent them older versions of the TOW missile, that they had better collect enough to buy the improved version because what we would want to sell the Israelis in return was the improved version, and so the appropriate payment is exactly what it means.

Q I gathered what this was talking about was a sale by the CIA of arms?

A Oh, I see what you mean. I see your point.

I understand the point you are driving at here, too, I guess.

MR. BECKLER: Just answer the question. What does "appropriate payment" mean, if you know?

THE WITNESS: I don't know.

BY MR. LIMAN:

Q Was it contemplated when you sent this memorandum that the middleman would make a profit?

A That was certainly not my understanding.

Q At the time you sent this memorandum, was it contemplated that there would be funds generated to be used for the contras?

A That was not my understanding.

Q So at the time you presented this verbally to the President of the United States, you were not talking about generating funds for the contras?

A No.

Q And you were not talking about generating a profit for a middleman?

A That's correct.

Q When did that come into the picture?

A As I told you, to the best of my recollection, it was in February when Colonel North came to me and said that he had figured out a way to provide additional support, he thought, to the contr[illegible]

Q Admiral, did it not occur to you at that time that if there was going to be a spread between what you were getting from the Iranians and what you were paying to the CIA or Defense Department, that that was money that might appropriately belong to the United States of America?

A That thought never crossed my mind.

MR. BECKLER: At what time?

THE WITNESS: At that time.

BY MR. LIMAN:

Q When Colonel North reported this?

A That's correct.

Q You talked earlier about the fact that you had obtained a legal opinion or the NSC has a legal opinion that it wasn't covered by Boland; do you recall that?

A Yes.

Q Who asked for that opinion?

A From the IO~~A~~B?

Q Yes.

A I don't recall specifically. There was quite a bit of discussion at the time with -- we actually -- there were three lawyers on the staff at the time, Bob Kimmet, who was the executive secretary at the time, and Bob Pearson, his deputy, and Commander Thompson, the General Counsel, and there were several discussions by my recollection of the question of whether the Boland

Amendment really covered the NSC staff; and as to who asked the IO~~K~~B, I don't know the answer to that.

Q Did you see the opinion that was issued?

A I don't recall actually seeing it, but I recall being aware of its contents.

Q Who made you aware of the contents?

A I don't recall.

Q Did you seek any advice, sir, from the Attorney General on that subject?

A I did not.

Q Or from the President's counsel?

A I did not.

Q You have talked about the fact that you were -- you realized when Colonel North told you that money could be funneled to the contras that it could create a ruckus or some political embarrassment; you remember that?

A Right.

Q That was one of the reasons that you did not report this to the President?

A That's correct.

Q Did you not have some reservations about whether you ought to take that kind of risk?

A Well, now that's a hard thing to reconstruct, what happened over a year ago and exactly all my thinking. I knew it was risky. Whether I should take it or not,

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I don't know.

Q Was the situation with the contras so desperate at that point?

A It was pretty grim. It was.

Q [redacted]

A

Q

A

Q

A

Q Admiral, were there -- are there any other occasions during your tenure as either the National Security Adviser or the deputy where you made a conscious decision to approve some activity but not report it to the President because it would create potential embarrassment for him?

A I don't think there was anything else of this magnitude. This was clearly the biggest decision of this kind.

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The President's span of control, of course, was much broader than mine. He had a limited amount of time to focus --

Q This would have taken five minutes to tell him, sir.

A The point I want to make, though, is -- and I am not trying to say this was not an insigificant decision. I was making judgment calls every day as to what to ~~believe~~ brief the President on or not. This was certainly an out-of-the-ordinary kind of decision; but, you know, I was used to quickly evaluating the facts and making a decision as to whether to ~~believe~~ brief or not ~~believe~~ brief.

This one I felt confident that it was consistent with his policies and I thought that -- and still do feel that -- I had the authority to do it.

Q Did you tell Oliver North that you had reported this to the President?

A No, I did not tell him that, to my recollection.

Q Did you tell anyone else prior to the time that this broke in November, the Monday when you were -- discussed this with the Attorney General, did you tell anyone else what North had told you about the funneling of the proceeds to Iran?

A No. I told nobody else.

Q Did you discuss it with Casey

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A I did not discuss it with Casey.

Q Why was that?

A Frankly, I did not want to discuss that or directly discuss with him Colonel North's activities with regard to supporting the contras.

Q Why?

A Because I didn't want to -- Director Casey -- I'll be very frank here -- as well as the other cabinet officers, having to testify on the Hill, I did not want to put him or anybody else in a position of being evasive in terms of answering questions.

Q Do you remember any instance where Director Casey told you that Oliver North was indiscrete in front of [redacted] and had talked about where you were getting the money for the contras?

A That rings a bell.

Q I'll show you a document.

A Yes. I forgot all about that. I'm trying to remember --

Q And you reported it to Mr. McFarlane?

A Yes. There is a vague recollection of -- but I can't remember what the circumstances were.

Q Was there really a point of view that you had that you should not share the information about what the NSC was doing to keep the contras going with the other cabinet officers? That's correct?

A That's correct.

Q Did you notice on their part a point of view that they shouldn't ask too many questions?

A That's exactly right.

Q Was it ever said in those words, did anyone say "we just don't want to know"?

A It's possible. I don't recall a specific incident where somebody said that.

What I was going to add is that not only do I think that by and large that was the view of the cabinet officers and a lot of other people in Government, but I also think that was the view of many people in Congress.

Q What do you base that on?

A Well, I base that on the fact that in August or sometime in late '86, a resolution was introduced on the floor of the House to require the President to provide documentation on the NSC activities, and it was referred to three of the committees of the House, and the House Armed Services Committee voted it out with a negative report.

By that time, it was relatively common knowledge that -- there was a lot of speculation that Colonel North was involved, but you know all of that put together told me that people didn't want to know.

My attorneys have reminded me of -- that Secretary Shultz did take that kind of view and expressed it to me of really not wanting to know the details on the Iranian project.

Q Saying to you what and when?

A Well, it would have been sometime in the -- probably the spring of '86. Secretary Shultz and Secretary Weinberger and Director Casey and I periodically had what we called a family group lunch and there ought to be in my files a folder -- I thought there was a folder in which there may be some notes from those family group lunches; but I used at least one of those occasions to give them an update on the Iranian project and it was either during the lunch or after the lunch, by my recollection, that Secretary Shultz said, "Look, you know my feeling on this. I don't think we ought to be doing it. Just don't bother me with details," or something like that, "on stuff I don't need to know."

MR. BECKLER: Arthur, how about a five-minute pause?

MR. LIMAN: Sure.

(Recess.)

MR. LIMAN: Mark as the next exhibit a memorandum undated but bearing our Bates Nos. N-7514 to 7522.

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(Poindexter Exhibit No. 16 was marked for identification.)

MR. LIMAN: While we are at it, mark a PROF note of April 3, 1986.

(Poindexter Exhibit No. 17 was marked for identification.)

MR. LIMAN: That is April 7.

MR. BECKLER: At the top it says April 3.

MR. VAN CLEVE: We are referring to the actual date, which I think is the 7th.

THE WITNESS: This is a very strange document.

BY MR. LIMAN:

Q Have you seen this document before?

A Well, that is my handwriting on the cover sheet, but I don't think all these pages are related.

Q Well, this is the way it was given to us after being taken by the FBI. I believe, Admiral, that a copy of this was in your file.

A Well, as I said, that's my handwriting at the top, with instructions to my outer office.

Let me finish looking at it.

Q Tell me what is strange about it. It reads from one -- pages 1 through page 5, and it refers --

A But you see --

Q -- to the terms of reference.

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A But I think -- oh, okay. I see what it is.

Q It asks that the President approve the terms of reference and then the terms of reference follow.

A When I first started reading it, I thought it was an early draft of the chronology, but it isn't that.

Q No, it isn't.

A Okay. I see what it is.

Q Okay. Do you recall seeing this document?

A Yes. I recall seeing it, but the time that I recall seeing it is -- well, until I saw this --

Q This being your handwriting?

A My handwriting here.

You see, I am not sure -- I think what this is, as I told you earlier, on Sunday, the 23rd of November, Colonel North called me -- maybe I didn't say this yet. Colonel North called me at home on Sunday the 23rd after he had finished meeting with the Attorney General most of the day; and I was getting ready to sit down and eat dinner. I think it was on a non-secure line.

Colonel North said, "Admiral, I spent all day with the Attorney General, and his people turned up a memo on the contra connection to the Iranian project." He said, "I've explained everything to the Attorney General." I can't remember my exact reaction, but at that point I was getting pretty tired.

But anyway, I said, "Well, I'll see you in the office tomorrow."

He came into the office on Monday, explained that the Attorney General's people had found a memo and -- in his safe which revealed the contra connection. I believe I probably said something to the effect at the time I was surprised there was anything in writing on it. I said, "I don't remember the memo that you are referring to. Send me a copy of it."

Later in the day, either -- well, it would have been Monday the 24th, I guess -- later that day, he apparently sent a copy over and the first time I recall seeing this together was the following morning on the 25th. After I had breakfast, after seeing the Attorney General early in the morning, and also talking to Don Regan, Commander Thompson came in. I said, "Did Ollie ever send over that memo?" He brought what I believe -- this is a copy of what he brought in at that time.

I think the timing on this note on the top was sometime that last week in November.

Q You mean the note that you wrote "keep this together for me. Iran. J.P." You believe you wrote that when you were given the copy in November?

A That's right.

Q But did you see this at or about the time it was written?

A I may have. I did not recall it. I don't recall it now.

Q When you look at it, there's a reference to "the residual funds from this transaction are allocated as follows." It says, "$2 million to purchase the replacement TOWs," and then says "$12 million will be used to purchase critically needed supplies for the Nicaraguan democratic resistance forces."

A Right.

Q Does that refresh your recollection that you saw this memo at the time?

A No, it doesn't.

Q Were you given that information orally?

A I think -- you know, I have tried to speculate and recall whether I had seen this before. My supposition is that this is probably the memorandum that Colonel North used to brief me on the Iranian project and that he had come up with a plan that would transfer funds to the contras.

Q Let me ask you this, Admiral: When you briefed the President on a January 17th finding, you were talking about a sale by the CIA to Iran without any profit to the agent; that's what you were talking about, correct?

A That's correct.

Q Now you are being told by Colonel North that the transaction is going to end up generating as much as $12 million for the contras; correct?

A That's correct.

Q Did you not think that it was a matter of sufficient importance that the President of the United States should make the decision?

A No, I didn't.

Q You recognize that if this became public, the fact that the money was being funneled, it would cause enormous embarrassment to his administration, correct?

A I think that's probably one thing that I underestimated.

Q Well, did you not realize that it could at the very least cause problems with Congress in terms of funding?

A I didn't think those were insurmountable. I knew it would cause problems. That is clearly why I decided not to tell him.

Q But by not telling the President, you preempted a decision from him; is that correct?

A I didn't view it that way, Mr. Liman. I viewed it as the important objective here was to keep the democratic forces, the contras, alive, until we got the legislation changed.

As I said earlier, we were very confident,

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including myself, that we could get the legislation in 1986. But it was going to take time. We simply -- they didn't have the funds to last that long.

Q Who told you they didn't have the funds to last that long?

A Colonel North. That was also, I think, supported by the general view of the restricted IG and the CIA that were keeping track of it from an intelligence point of view.

Q Admiral, were you not told that the NHAO organization couldn't even spend the money that had been appropriated for it?

A No. I was not told.

Q Did you ever meet Mr. Duemling?

A Duemling. I met with Duemling very early on when the NHAO was established. Secretary Shultz, as I recall, had kind of a kick-off organizational meeting with all of the interagency players that were involved and I attended that, but didn't attend that level. He did not chair it again. So I didn't attend any more of those meetings.

I can't recall -- I could have had some telephone conversations with Duemling, but my staff dealt with him and I didn't.

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Q I marked as the next Exhibit

A I don't think, by the way -- excuse me. I don't think that -- if that is the case, I'd be very surprised; in fact, I thought just the opposite was the case, that NHAO was going to run out of money at the end of March. There would still be material in the pipeline.

Q You didn't know he had to make block grants in order to get rid of the money by the time that Congress had put the deadline on?

A I don't recall being aware of that.

Q Admiral, did you ever see any other versions of this memorandum, referring to the use of the proceeds of the arms sales for Iran?

A I do not recall seeing any other versions of it.

Q Any other writings referring to it?

A Writings?

Q Other than that PROF note on the 6 million?

A I simply don't recall.

Q Did you ever --

A In fact, my operating assumption was that there wasn't anything in writing on it, because I told Colonel North repeatedly not to put anything in writing on the transfer of funds to the contras and not to talk to anybody about it.

Q Transfer of funds from whom?

A From the Iranian project to the democratic resistance, to the contras.

Q How many -- you said you told him repeatedly?

A I told him several times. I was surprised to learn -- and I forget exactly when I learned it -- that he said something to Mr. McFarlane on the way back from Tehran. I would have advised him or told him not to do that if I knew he was planning on it.

Q Why?

A Because, again, I didn't want anybody else responsible for it.

Q You were willing to take the rap yourself?

A I was willing to take the responsibility for my decision. I thought it was important to the President and I thought it was important to the long-term interests of the United States.

MR. VAN CLEVE: Admiral, did it ever occur to you that because you didn't tell the President about the fact that the Iranians were about to be overcharged, you might prejudice the possibility of future relationships between the United States and Iran?

THE WITNESS: That was not really part of my calculus, I guess. We thought -- I think, trying to [illegible]nstruct again my frame of mind at the time, by that [illegible]t, when Colonel North raised this with me, we knew that the Iranians were being overcharged prior to U.S. involvement. The Iranians were, in my assessment, were aware that they were having to pay premium prices, and its long-term impact on U.S.-Iranian relations was pretty low on my concern.

BY MR. LIMAN:

Q Did North tell you the mechanics by which this money would be channeled?

A Not when he first raised it.

Q At any time?

A At some point after that, I think I became aware that at least in general terms, that money was -- the money was going from the Iranians to the Israelis, thence to an account that Secord had control of, and then a portion of that would go to a CIA account, which the CIA would then use to pay the Defense Department. I had a general understanding of that.

Q And the balance?

A The balance would be used to support the contras.

Q You understood --

A Now, I did not know, for example, that Khashoggi was involved in the bridge financing, so to speak.

Q Did you know that Secord was privy to the fact the money would be used for the contras?

A Oh, that Secord was privy to that?

Q Yes.

A Yes. Absolutely. In fact, I thought Dick was engineering this.

Q Why did you think that?

A Because of what Colonel North told me.

Q What did he say about that?

A I can't remember exact conversations. But I certainly -- you know, I left office with that assumption.

Q When you left office, did you believe that all of the profits of this transaction had been channeled to the contras?

A That's correct. I didn't have any reason to believe otherwise.

Q Am I correct that it would come as a surprise to you if a substantial portion of that money was in effect profit?

A You mean personal profit?

Q Or profit to the Lake enterprise?

A That would be surprising.

Q Would it be surprising in part because you were told -- I think you testified to this from time to time that Secord was losing money, and needed money?

A It would still be surprising.

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Q North told you that Secord wasn't making money out of this?

A I don't recall that Colonel North specifically told me that. I do recall conversations in which he said that he felt that Dick was losing money.

Q That's the same.

A Yes.

Q Did he tell you that he was in debt as a result of this?

A I don't believe so.

Q Did he ever ask you to intervene with Director Casey to persuade Casey once the CIA came back in to buy the assets that the Secord group had?

A That's correct. But that was --

Q Wait. Your lawyer --

MR. BECKLER: I just had an observation to make. Maybe it's total linguistics. It's possible that Secord could be losing money and making money on this, but still losing money.

MR. LIMAN: Richard, that's possible. I'm not trying to, you know, get him to that kind of linguistics thing. I am trying to get the Admiral's memory of this.

There are documents which he will have an opportunity to look at. But we are going to try to finish without much more ado.

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THE WITNESS: Yes. I remember that incident. As I recall, it was presented to me from the standpoint that -- all during the latter part of 1986, once we got the two votes through the House and the Senate, and we kept pushing to get the conference report out and get the appropriation, but we were preparing for [redacted] and Colonel North's point to me, as I recall, was that it's ridiculous to have this logistics apparatus set up, functioning well, and the CIA not pick it up and go off and re-establish and set up their own; time will be lost that we can ill afford. It would be a terrible waste of those assets.

So he asked me to talk to Director Casey. He said the lower-level people at the CIA didn't want to touch it because of their fear that they would somehow be contaminated by that; and as I recall, I agreed to talk to Director Casey.

I don't remember -- I don't believe I actually talked to Bill about it, but I think I did talk to Bob Gates.

BY MR. LIMAN:

Q Were you asked to talk to him about buying them, buying the assets?

A I believe so. I believe so.

Q Do you remember what price was put on them?

A I don't remember that.

Q You did talk to Gates?

A I believe I did talk to Gates. And I went over the arguments about why it would be useful to do that; and Bob said, "Let me check into it," or something like that.

Q If you look at Exhibit 17, which we believe was written -- it's a PROF note to you about the same time as Exhibit 16, would you examine it and if you examine it, you will notice it says, "Per request of J.M.P., have prepared a paper for our boss which lays out arrangements."

Can you tell me, sir, whether that refers to the paper about the use of the proceeds of the arms sales for the contras?

A I don't know.

Q Did you ever ask Colonel North to prepare a paper for the President in which you -- in which he described the amount of money that was going to be available to the contras from the arms sale?

A No. I did not.

Q Did you ever destroy any papers reflecting the use of any of the proceeds of the arms sale for the contras?

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A As I said, Mr. Liman, earlier, you know, I did not recall seeing this memo. To my knowledge, there wasn't anything in writing on this.

Q Did you destroy any paper reflecting the use of proceeds for the contras?

A I did not. Not knowingly.

Q Do you recall any piece of paper other than the ones we have talked about, the $6 million one and this memorandum that refer to that subject?

A Sometime in October of 1986, it was after the aircraft with Hasenfus aboard was shot down, I recall having a couple of conversations that may or may not be pertinent. One was with Colonel North in which he came into my office to report on the details of the shoot-down of the aircraft. He reported to me there had been a lot of identifying information aboard the aircraft. I told him I was very displeased with that. I didn't think it was very professional, that these guys needed to shape up in terms of maintaining deniability of the operation and carrying identifying information aboard the aircraft was just not acceptable.

I don't recall the conversation precisely, but I conceivably could have said something to him about his records.

Then later, by my best recollection --

Q Said something to him about getting rid of his records?

A I could have. I don't recall specifically doing that, but my mood at the time was one of annoyance, and I do specifically recall talking to him about the information that was aboard the aircraft.

But, you know, Colonel North would have had a clear view that I didn't want anything in writing on the support to the contras.

Later -- and I believe it was the same month -- Mr. DeGraffenreid, the special assistant to the President for intelligence affairs, came in to see me and to indicate his concern for Colonel North's exposure on Central America. At that time there were a lot of stories in the newspaper. He wanted to know if I recalled that there were several memorandum in System 4, which was our paperwork system, to keep track of intelligence matters and other sensitive issues on Central America that would be very damaging to the administration, that talked about details of supporting the contras.

I told him I didn't recall the memos specifically, but I did recall back in early '84 or '85 that Colonel North had sent some memos to Mr. McFarlane and laid out the status of funding for the contras and the status of logistics, but it had been months or maybe even years since I had seen those memos and I didn't really recall exactly what was in them.

The clear intent of Mr. DeGraffenreid's visit was to figure out a way to get rid of those memos, and I told him that I couldn't -- as I said, I couldn't remember what was in them, but go talk to Colonel North and see what you could work out, or words to that effect.

Q When was that?

A That was probably sometime in October, as near as I can tell.

Q Before the Iranian thing became public?

A Yes.

Q After Hasenfus?

A After Hasenfus was shot down. As near as I can place it.

What I assumed had set Mr. DeGraffenreid off were all the stories appearing in the paper at the time.

Q Do you recall -- I am sorry. Go ahead.

A I guess that's really the end. I think I have answered your question.

Q Yes.

Do you recall that in August of '85, when the congressional committees made inquiries of the NSC about these activities, that a file search was done then? Were you aware of that?

A I am not aware of that.

Q Were you aware at that time of any effort to get rid of documents that were embarrassing?

A No. I don't recall that.

Q Were you involved in the formulation of the replies to the congressional committees about North?

A I was not. In fact, I don't think I have seen those letters other than the extracts that are in the Tower Commission Report.

MR. VAN CLEVE: What about the period during the resolution of inquiry, which is 1986? Were you involved in a document search at that time?

THE WITNESS: Not a document search.

MR. VAN CLEVE: How about a document review?

THE WITNESS: I don't believe so. But -- the 1986 activities came to my attention when Chairman Hamilton sent me a letter in which he wanted to -- he wanted me to make Colonel North available to talk to the House Intelligence Committee. I was aware that the letters had come in the previous year.

Mr. McFarlane had worked those letters personally. He had come up to the Hill and had several meetings up here.

In discussing -- and for some reason, not particularly deliberately, I had just never gotten around to reading the replies of the letters that he sent. In discussing with Commander Thompson and -- well, it was primarily Commander Thompson, I guess. I think it was at that point I asked him if he had copies of the letters that Bud had -- Mr. McFarlane had sent to the Hill the previous year. He said he did. I said, "Well, I probably want to look at those."

As it turned out, I never did get around to looking at them.

We did have a conversation at that point about the letters that Mr. McFarlane had sent up and I can't remember whether Commander Thompson read from the letters or just told me approximately what he said; but at the time, I remember at least thinking that that was -- you know, I would not have done it that way. The statements that I have since reviewed in the Tower Commission Report are, in my opinion, much too broad, and I went, half said it that way; and so in talking to my legislative people and the White House legislative people about responding to Chairman Hamilton's request, I decided rather than to answer his letter, that I would call him, which I did.

By the time I called him, I think the House Armed Services Committee had already voted on the resolution and they had voted it down. Chairman Hamilton said to me that technically he didn't, with one committee having voted it down, that he really didn't have to do anything more; but, on the other hand, he thought that in order to satisfy the members of his committee, it would be very useful if they had an opportunity to meet with Colonel North and he went on to say that he really didn't intend to push this, but he thought that such a meeting would help clear the air.

So we talked about the mode of such a meeting, and I asked if they would be willing to come down to the Situation Room for an informal meeting with Colonel North, that he understood that our general -- the administration's general policy was not to make members of the NSC staff available for hearings. He said, yes, he understood that. He thought that would probably be an acceptable arrangement. I said, "Well, let me talk to Colonel North and our legislative people and I will get back to you."

I called Colonel North and asked him if he would be willing to talk to the committee under those conditions, those informal conditions, in the Situation Room, rather than on the Hill. He said he could handle that. Our legislative people all agreed that that was an acceptable solution that didn't set a bad precedent.

So I either called or sent word back to Chairman Hamilton that we would agree to do that; and in August of '86, the meeting took place. I was on leave that particular week, my annual weekly leave, and that was essentially it.

MR. VAN CLEVE: Did you give Colonel North any instructions as to what to say or what not to say in the presentation?

THE WITNESS: Didn't give him any instructions. I didn't. Obviously -- my position on that, my thinking was that there was an awful lot of stuff in the press that was speculative. There was a lot of inaccurate stuff. You know, I knew there was some risk in Colonel North talking to the committee. I frankly did not expect him to lie to the committee, and certainly didn't tell him that. I assumed that what he would do is that he would answer the questions directly, and there was so much fictitious stuff out there that he would be able to do that in a truthful way and not lie to the committee. But, on the other hand, I didn't expect him to volunteer information to the committee. In other words, still withhold information but answer directly their specific questions.

BY MR. LIMAN:

Q Do you recall having any discussion with Director Casey or his staff in or around October of 1986?

A Yes.

Q Do you recall that at that time they had heard some rumors that there had been some diversion of funds?

A Yes.

Q Tell us about that.

A Okay. At some point in October, Director Casey called and wanted me to stop by his EOB office for a few minutes. I agreed. Went over.

Bob Gates was either in the room or came in shortly after I got there. Director Casey showed me a memorandum that had been prepared by Mr. Charlie Allen, which, as I recall it, it was a -- essentially a review of the Iranian project, and reported a conversation with a Mr. Furmark, and that was probably the first time that Furmark came to my attention. I conceivably could have heard about it before. And Mr. Furmark -- and I believe these were conversations between Mr. Allen and Mr. Furmark, my best recollection. And Furmark indicated -- and I think this was also the first indication that I had that Khashoggi was involved in the bridge financing for Ghorbanifar, or at least that was what Furmark was alleging.

He was saying that there had been -- there were some Canadian investors also involved and that they had not gotten all of the money that they thought was due them from a prior financial dealing with Mr. Ghorbanifar, and then there was one paragraph in which Allen reported on Furmark's speculation that some of the money had been diverted to the contras.

The memoranda went on, as I recall, to recommend that we form a -- essentially a wiseman's group to develop a -- primarily to develop a public affairs plan to be used if our Iranian operation were exposed. I don't recall that Director Casey called my attention to that paragraph. I read the whole memo.

I purposely did not raise it with Director Casey. I simply didn't want to talk to him about it. And with regard to Mr. Allen's recommendation, the Director endorsed that, and I told him I would think about it, and I believe that was the end of the meeting.

Q Is that the only time you ever discussed with Director Casey a -- or had any discussion with Director Casey at which there was either a document or discussion of diversion?

A To the best of my knowledge, there wasn't any other paper that I can recall; and I --

Q And this just wasn't mentioned?

A This wasn't mentioned. I don't recall any conversation about it either.

Q Did you ever have any discussion with anybody else at the CIA about diversion?

A I don't think so, Mr. Liman. As I said, my best recollection -- and certainly my intent -- was not to talk to anybody. I don't believe I did.

Q Did Director Casey or anyone else at the CIA suggest that you speak to White House counsel about the subject of diversion?

A There was something about White House counsel mentioned, but I don't think it was about diversion.

Q What do you recall it being about?

A Well, I am trying to think.

Q Do you recall telling them -- maybe this will help -- do you recall telling them that you didn't trust Fielding and that you preferred to speak to Commander Thompson?

A No. I have since read or seen that someplace. Fielding wasn't even there. That comment doesn't make any sense.

Q Fielding wasn't there, but -- you mean Fielding wasn't in the White House at the time?

A Wasn't in the White House.

Q What about Wallison?

A Well, I would associate myself with that comment, but I frankly can't remember making it.

Q You would associate yourself with it in what sense?

A Well, I did not want to bring Mr. Wallison into it. I really think that it was, my best recollection -- and I can't remember who the conversation was with -- but I had a conversation with somebody about whether to bring

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Mr. Wallison early on into the Iranian finding. In fact, he came down to see me one day in November and wanted to be briefed on the whole thing. I refused to do it; and I conceivably could have commented to somebody after that that I didn't really trust Mr. Wallison.

MR. BECKLER: This is November 6, what year?

THE WITNESS: This would be November of 1986.

But I don't recall Mr. Fielding's name coming up. I suppose in the meeting with Director Casey over in his office when he showed me that memo, there could have been some reference by him to the diversion paragraph, but I really don't remember it. I certainly would not have wanted to talk about it. So I would be surprised if I said anything about it.

BY MR. LIMAN:

Q We are in the home stretch. I am going to talk you through a few more documents. Then we are going to call it quits.

We talked about the $6 million PROF note.

MR. LIMAN: Please mark as the next exhibit a PROF note from Oliver North dated May 16, 1986.

(Poindexter Exhibit No. 18 was marked for identification.)

BY MR. LIMAN:

Q Have you seen that before?

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A Well, the last time I saw this was in the Tower Commission Report.

Q When was the first time you saw it?

A I suppose -- I probably saw it in that May time frame. But I frankly can't recall it.

You know, I would receive hundreds of PROF notes every day.

Q Did you try to read them?

A Tried to. At least glance at them.

Q Where it says "You should be aware the resistance supporting organization now has more than 6 million available for immediate disbursement," did I understand your prior testimony to mean that you assumed that that came out of the Iranian arms sales?

A Yes.

Q It goes on to say, and this was also in the Tower Report, at the very bottom, "I have no idea what Don Regan does or does not know re my private U.S. operation, but the President obviously knows why he's meeting with several select people to thank them for their support for democracy in Central America."

What did you interpret that to mean?

A Well, the history of this issue probably needs to be laid out to kind of put this in perspective.

As I said earlier, in 1986, well, the latter

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part, and probably it started in about May, I wanted -- I was -- by that point, I guess we had gotten the vote in the House and either we had it in the Senate but we really weren't ever too worried about the Senate. [redacted]

I wanted to -- in order to lower Colonel North's visibility and because he was being overworked -- but he was a very capable person -- I wanted to move him out of the Central America account. So, on the one hand, Colonel North agreed that the CIA had to get back into it, and I think that's the significance of the one paragraph in his memo about saying that we really did need to get the CIA back into the program.

But, on the other hand, I think he was kind of torn. He did enjoy his work and sort of prided himself in, frankly, keeping the contras alive during the period of time that the CIA was restricted from doing anything. So my plan was to phase him out.

As it turns out -- and I can't recall exactly when it started -- but I was at some point after that heavily criticized in the press by our conservative supporters who thought that I was trying to fire Colonel North. Of course, that was not my intent, but the intent was to lower his visibility and get our opponents on the

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off of his back.

So that's what he is referring to there.

Q What's he referring to when he talks about the President?

A You know, again -- no, I understand. I wanted to explain that background.

I think it's just -- you know, he means exactly what he says. He assumes that the President understands why he's meeting with several select people; and I agree with that. You know, in the White House during this period of time that we were encouraging private support, we really didn't distinguish between how the money was going to be spent. We didn't make any distinction between -- at least in my mind -- between using the money in the United States to encourage public support or providing it directly to the contras.

I don't recall having any specific conversations with the President about these meetings. The meetings would be set up by Colonel North. I believe this is the way they were set up, by Colonel North going to the schedulers and getting the schedulers to put these supporters on the President's list to see during administrative time. I did not attend any of them that I can recall. [redacted] came in to see the President. I did attend that meeting, at which the President thanked him for his help [redacted] But these -- the private U.S. citizen supporters were handled as a routine matter that I didn't get directly involved with.

I knew they were happening. I assumed the President understood why he was meeting with them.

Q There was no doubt in your mind that the President understood he was meeting with them to thank them for contributing to the contras?

A There wasn't any question in my mind.

Q I think you have told us before that your view was that this was not illegal or inappropriate activity?

A No.

Q And that was the President's view?

A That's correct. Once in a while he would -- if he had a meeting the day before and if the person had something interesting to report, he would often provide a little debrief about what so-and-so said or something like that. So I -- you know, I am confident that he was aware that these people were making contributions to support the contras.

Q Let me mark as the next exhibit a memorandum of November 7, 1984. I mark it because we talked about this before.

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(Poindexter Exhibit No. 19 was marked for identification.)

BY MR. LIMAN:

Q Admiral, remember I asked you before whether you had received any criticism of the fact that Colonel North was talking about fund raising, sources of funds to [redacted] and the CIA . If you look at this memorandum, it says: "Admiral Poindexter indicates that the Director called you expressing concern that I had discussed with Mr. Meyers" [redacted] "Calero, MiGs, dollars," et cetera.

Then it consists of North's denials that he discussed any of these things, and it goes on at the very last paragraph on page 3 to say: "At no time did I discuss with [redacted] financial arrangements for the FDN. At no time did I indicate that Calero was attempting to attack the MiGs," et cetera.

Does that refresh your recollection, Admiral, that you did get some criticism from the CIA that North was telling them things that they didn't want to know?

A The only -- I don't recall seeing this memo. I no doubt did at the time, although that is not totally clear, because it is marked "eyes only." It could have gone directly into Mr. McFarlane.

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Anyway, I do have a vague recollection of some years ago Director Casey calling and asking that Colonel North be careful in talking to his people about things they shouldn't know about. That's a very vague recollection.

MR. LIMAN: Next, I would like to have marked a PROF note dated 3/31/86. This one is from you, Admiral.

(Poindexter Exhibit No. 20 was marked for identification.)

BY MR. LIMAN:

Q I would like you to explain to me what it's all about.

A I remember this pretty well.

Q Tell us what that's all about.

A All right. In one of the last votes -- let's see, 3/31/86. That seems early. My recollection of the event -- and I thought it was the vote in the Senate. I don't think that took place that early.

[redacted]

Well, shortly after -- and then eventually we won the vote in the Senate. Still, the time frame of this bothers me a little bit. I don't think that quite matches up.

But, anyway, shortly after we agreed to do that, there was a story in the newspaper that was something to the effect that the administration would [redacted]

My staff had informed me that they were almost certain that [redacted], an employee of the Defense Department who worked in the covert action programs there, was responsible for leaking this information. I called Will Taft and told him that was my suspicion, and that I was so annoyed about it that until they conduct an investigation over there and questioned [redacted] on it, we were not going to inform them of any more covert activities.

MR. LIMAN: Mark as the next exhibit another

PROF note from you. I think it is dated May 19, 1986.

(Poindexter Exhibit No. 21 was marked for identification.)

THE WITNESS: This is in response to that earlier exhibit you showed me.

BY MR. LIMAN:

Q The one in which -- about "I don't know what Don Regan knows about my activities, but the President knows why he's thanking everyone"?

A Right.

Q You responded by saying, Don Regan knows very little of your operation and that is just as well.

A Right.

Q Can you tell me what operation you were referring to and why it was just as well that Don Regan didn't know about it?

A Well --

Q This is still in executive session.

A Well, the operation we are talking about is support of the contras. What I said was accurate. I don't recall talking to Don Regan directly about it. I am pretty sure that he, as well as most everybody else in the White House, knew that Colonel North was the NSC staff officer with primary responsibility for Central America and that [illegible]s involved in some way in supporting the democratic resistance.

But again, based on my feeling that if we were going to keep this up and avoid more restrictive legislation, that we simply had to limit the knowledge of the details to those that had absolutely the need to know. I simply didn't think that he had an absolute need to know.

Q He was the Chief of Staff. Was there more to it?

A Well --

MR. BECKLER: Lay it all out.

THE WITNESS: He talked to the press too much. I was afraid he'd make a slip.

BY MR. LIMAN:

Q All right.

MR. LIMAN: Next is a note which I believe is dated somewhere around July, 1986, after July 15, 1986.

(Poindexter Exhibit No. 22 was marked for identification.)

BY MR. LIMAN:

Q Just so I can focus you on it, I would like you to tell us what you know about "Project Democracy," the entity that Colonel North refers to here.

A Yes. May I just finish reading it?

I don't recall when it was -- and it was probably sometime in '86. Colonel North coined the name

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Project Democracy, much as the same way on those code sheets he called it project something else. But it was his shorthand way of talking about the network that had been set up to keep the contras supported through this private third-party, third-country logistics arrangement.

Q Did you take it --

A Go ahead.

Q Go ahead.

A I was going to say it didn't have any other significance. I recognize the name is the same as, or similar, and I suppose that's where he came up with the name, but it's unrelated.

The President made a speech to the Parliament in London back in 1982 or 1983 in which he talked about Project Democracy in general terms; but there is no other connection.

Q Did you ask the CIA to purchase these assets?

A I can't recall whether -- as I told you earlier, Colonel North wanted me to talk to Director Casey. My recollection is I didn't talk to Director Casey. I think I talked to Bob Gates. I can't recall whether I asked him to purchase them or not.

My best recollection is that I simply said that these assets are available and you ought to look at them, or something to that effect.

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Q Were you aware that Colonel North was keeping any cash in his office?

A Yes. There are a few instances of that. My best recollection is the first time I became aware of that was back shortly after [redacted] agreed to provide the $25 million.

My recollection is that Colonel North told me one day that the contra leaders had made some of that money that they were getting from [redacted] available to him to handle miscellaneous expenses that the contras had or anticipated in Washington. I told Colonel North I didn't think that was a good idea and that he should make arrangements to return the funds, and I prefer that he did not have any cash.

At some point after that, he informed me that he had returned the funds or that he didn't have any more cash. I recall at the time being relieved that he had gotten rid of the cash.

Then later on, in relation to the hostages -- and I don't remember whether it was the DEA project or maybe another one -- but Mr. Ross Perot had indicated to us -- I don't think to me directly, I think maybe first to Mr. McFarlane and then Colonel North got in the practice of often communicating with Mr. Perot -- but anyway, [illegible]erot indicated that if we ever arrived at a situation

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where we needed private funds on the hostage situation, that he would be willing to provide some.

At some point, you know, we went through many, many schemes and plans trying to figure out a way to get the hostages out, and in one of those, at some point, my recollection is that Colonel North did have some of Mr. Perot's funds, but I was always uneasy about directly handling funds and tried to make the point to Colonel North that I didn't want him to.

Q Admiral, do you have any recollection of being told by Colonel North about the purchases by the Secord organization of the ship Erria, E-r-r-i-a? Did he tell you they had bought a ship?

A I think I knew that they either had bought or had -- I am not sure if "bought" is the right word. I thought they just had control, either charter or contract.

Q [redacted]

A [redacted]

Q [redacted]

A [redacted]

Q [redacted]

A [redacted]

Q

A

I must say that Colonel North's view, I think, probably -- in fact, I did talk to Director Casey about this at one point. Colonel North had the view that the Agency was not treating Dick Secord fairly.

Q Did he tell you that they felt he had been associated with Clines and Wilson?

A That's correct.

Q And that as a result of that, they were keeping an arms-length relationship with him?

A That's correct.

Q And that he wanted you to tell the Agency that he had performed a service to his coun

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with Iran and the contras?

A I don't recall the contras, but, in fact, I did have a conversation with Bill Casey and I can't recall whether it was that specific -- connected with that, but I did have a conversation with him that I thought that he had people at the Agency that wanted to keep an arms-length relationship to Dick Secord and that Dick was providing a great service to the United States and that the Wilson-Terpil thing had been investigated and gone to court and the charges had been found unsubstantiated by the judge.

As I recall, Director Casey said, "I agree with you; Dick Secord is a great patriot," or something like that.

Q You were aware yourself of Secord's background?

A Yes. Well, to a general degree. I realize there was this charge and that judge -- some judge had ruled, dismissed the charges. The issue, as far as I was concerned, was resolved in Dick's favor.

Q I will try now to get us nearly to the end. I know everyone is weary.

A I would like to go back to the chronology in a moment.

Q Let me just cover up a -- clean up a few things.

First, you mentioned earlier about assistance from [redacted]

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MR. LIMAN: Would you mark as the next exhibit a memorandum dated December 4, 1984, with a routing slip which shows your name on it.

(Poindexter Exhibit No. 23 was marked for identification.)

BY MR. LIMAN:

Q When you spoke of assistance from [redacted] is this what you were referring to?

A That's correct.

Q You weren't referring to anyone asking [redacted] [redacted] to give its money to the contras, were you?

A I don't honestly know what General Singlaub said to [redacted] I was never under the impression that they were willing to provide funds. I recognize there was a possibility of their selling arms.

Q While we are on that subject, then, let me just go over country by country what you understood their contribution, if anything, was to the contras during this period when you were wrestling with Boland.

Israel?

A Israel was considered several times and from the beginning, when Mr. McFarlane was still there, but we were frankly a little reluctant. It was the same sort of reasoning that the Vice President was concerned in

[redacted]

Q Do you know whether you ever sent Teicher there to hit them up?

A I don't think I am aware of that. Mr. McFarlane may have. He was -- he also was, Mr. McFarlane, you know, was initially very concerned about leaks and that's -- he handled [redacted] thing, although he did tell me about that at some point afterwards.

Q He told you about the $25 million contribution from [redacted] am I correct?

A Right.

Q He did not tell you in the summer of 1984 that [redacted] were giving a million dollars a month or 7 million for the balance of '84?

A Well, the 25 million -- my best recollection was being delivered over a period of time. It wasn't just one lump sum.

Q Do you associate the $25 million with [redacted]

A Since November of '86, I have not associated it. It may have --

Q You talked about [redacted] You talked about Israel.

A I want to come back to Israel. That's related to your question earlier [redacted] I thought that's what you were going to get off on at that point.

[redacted]

Q When do you date that about, after you were the National Security Adviser?

A Yes, sometime in '86.

Q What abou[redacted] I think you indicated that there was contact there?

A There was contact there. I do remember getting a report from Colonel North at some point after that, and my recollection is that it was -- there was a rather long intervening time between the first report and a report at some point later that they had agreed to provide some sum of money and the number sticks in my mind as a few million.

Q Did you know Gaston Sigur had been involved in speaking to them?

A Well, Gaston, of course -- you know, he was on the NSC staff. Then he moved over to the State Department, to be assistant secretary of State. I guess -- well, I can't tell now whether it's just my recollection from today or not, but he was involved in the meetings with [redacted] I don't recall, at least before today, reviewing his memos. I don't think I would have said that he was directly involved other than facilitating the meetings.

Q [redacted]

A

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Page 218 denied in its entirety.

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[redacted]

Q We have talked about Brunei. [redacted]

A I don't think I know anything specifically about [redacted]

Q [redacted]

[redacted]

A [redacted]

[redacted]

Q Any other countries that you can think of?

A Did I miss anything?

MR. BECKLER: Did you mention [redacted]

THE WITNESS: There was the incident with [redacted]

BY MR. LIMAN:

Q There was a decision not to [redacted]

A That's right.

Q That you discussed with the DCI?

A That's right.

MR. BECKLER: [redacted]

THE WITNESS: [redacted] was involved in Iran but not in --

BY MR. LIMAN:

Q Did [redacted] send any arms to the contras?

A Who?

Q [redacted] send any arms to the contras?

A I wouldn't be surprised if Secord didn't purchase some arms from [redacted]

Q I don't mean purchase; I mean give.

A Sent? I don't know for sure [redacted] of course, was --

Q That was a commercial transaction?

A That was a commercial transaction.

Q Just for the record again, so that my mind is clear on it, did you brief the President about the fact that the NSC was playing this role in the operations of support for the contras?

A I can't recall a specific time in which I would have addressed that directly. Again, to put that in perspective, the NSC involvement in the support of the contras started back in '84 when the CIA could no longer perform that function. You are going to have to ask Mr. McFarlane, if you haven't already, what he talked to the President about.

But when I took over in January of 1986, it was an ongoing program that I continued. I supported it. I supported it from the beginning. But I don't recall having a conversation with the President that I could cite to you now that would indicate that the President understood the breadth of what the NSC staff was doing.

Q You talked about the --

A He knew we were keeping very close track of it and from things I would brief him on, we obviously knew a lot of things.

Q You talked to him about the airstrip? We have already gone over that.

A Yes.

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Q You talked about the fact that when the CIA pulled out, the NSC had to take on this role of supporting the contras. Was there a discussion and a decision actually made that it happen that way, that that transition should take place?

A I don't recall that.

Q What I am getting at is that here you had a cause that was very important to the President and to the administration, the contras. Congress comes along and pulls the props out of the support that they were then getting, the CIA support. Was there not some planning done for who would take it over so that they would be viable if and when you got Congress to renew the appropriations?

A Well, you know that was so long ago when that happened. No doubt, we did have discussions on it. But without going back through the schedule, I really can't reconstruct exactly how the transition occurred.

Q You can't recall, as I understand it, any meeting at which, for example, Director Casey said, "We are out; it's your ball"?

A It wasn't -- I don't think it happened that way.

Q It evolved?

A It evolved.

Q It was just -- there was a vacuum, and it was filled?

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A That would be in my opinion a better description.

Q Indeed, if you hadn't filled the vacuum, how would they have been able to continue?

A They wouldn't have survived, Mr. Liman. In fact, as I said earlier, I think that as I said, the cabinet officers, Director Casey, in particular, although he and I avoided talking about the subject directly, he clearly understood and I do recall an oblique comment one day that the contras wouldn't be alive today without Ollie North, or words to that effect.

Q That was Casey. Did Clarridge understand that you were playing this role at the NSC?

A Dewey Clarridge?

Q Yes.

A Again, we avoided talking about it. I would be very surprised if he didn't understand quite a bit.

Q [redacted]

A Probably.

Q Elliott Abrams?

A Probably.

Q Secretary of State?

A Probably.

Q Secretary of Defense?

A Probably.

Q What you are really saying to me is that if you didn't want to know, you'd have to make an effort not to know?

A Yes.

And I think that you can go beyond the Executive Branch on that as well.

Q I'm not -- I think that our inquiry is not just at the Executive Branch. It's also, sir, at the Legislative Branch as well.

MR. LIMAN: I think that's --

THE WITNESS: Could I go back to the chronology?

MR. LIMAN: I promised you two things. One, when we were off the record for the one discussion we had off the record, I had asked you about why there wasn't this pre-summit meeting before the Tehran meeting. Why don't you tell us on the record what you told me off the record?

THE WITNESS: Well, remember, I was concerned from a couple of -- well, several aspects. One was that I wanted for such a sensitive meeting that had long-range strategic implications for the United States, I wanted a more experienced person there than Colonel North. I was also a little bit concerned that we didn't want to wind up with another hostage situation that we had created. We were dealing with people that we didn't know very much about. We weren't certain what their motives were. We were trying very hard to find that out. That is, of course, why we wanted to move beyond Ghorbanifar and [redacted] neither one we thought were very good and reliable channels into the real political thinking in Iran.

So I felt that, you know, sending a pre-advance or advance team before Mr. McFarlane went, we stood the risk of getting -- their being held hostage themselves. I felt a higher level visitor, it would be much more difficult for the Israelis or the Iranians to pull something like that; and, you know, viewed at my level, the meeting that Mr. McFarlane had out there was a preliminary meeting. If eventually, if we had, if it had not been exposed and if we had been more successful -- by the way, I think when it did end, we were making progress. The Iranian government was saying things that they had not said before; and, so, by and large I viewed Mr. McFarlane's trip out there as the preliminary trip.

BY MR. LIMAN:

Q Was it a test that if you didn't get the hostages back, that was the end?

A Yes.

Q Those were your instructions?

A Those were my instructions.

Q The President's instructions as well?

A That's right.

Q Okay. Now you wanted to say something about the

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chronologies?

A On the chronology, it is important again for me to reiterate that the chronology was never intended to be a public document. It was intended to represent all of the facts of the Iranian project less the contra connection. It went through several drafts. In fact, the final version that has whatever markings on it it has, I never considered the final version.

The discovery of the contra connection occurred before I felt that we had a finished product. I knew there were errors in it. I frankly -- you know, again the big problem that I was having in November of 1986 was trying to reconstruct exactly what had happened in July, August, September, October, and November. I knew what was on there wasn't accurate, but I also -- I didn't know what was accurate in terms of everything that had transpired; and it simply, in my view, when we left, it did not represent a finished product.

I had very little time during that hectic period to review it; and Mr. McFarlane, when he had called me, and I think it was probably when I called to invite him to come to lunch with me early the week of the 10th, I believe it was, because I wanted, I asked Colonel North to talk to him, but I wanted to reiterate, and I thought he ought to prepare a memorandum for the record.

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Dr. Keel attended that lunch. At that point, in the telephone call with Mr. McFarlane, he said that he thought that the Chief of Staff, Don Regan, was putting out the word to the media that he, Bud, was responsible for the whole thing and trying to put it off on him. I told Bud, to the best of my knowledge that was not true, and that I did not think Don Regan was doing that. And told him that I certainly wanted to lay out the facts.

Out of the lunch that I had with Bud, he did not agree and also did not disagree to produce the memorandum for the record. But as a matter of fact, he never did.

And so, without that information, we really couldn't get all of the facts straight for that first time period.

He sent me some drafts, but frankly, I didn't think that the drafts were complete.

Q Are you aware of any diversion of funds from the Defense Department for the contras?

A I'm not sure what you would be referring to.

Q Well, I am asking a question. Did you ever hear of Operation Elephant Herd?

A I have seen it in the press.

Q Were you ever told the Defense Department was creating any kind of slush fund that could be used for the

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contras?

A I don't think I am aware of that. I have seen that speculated, but --

Q I am not interested in what the press says.

A I understand.

Q We both know that they are not always very accurate. What I am interested in is what you know, what you heard in your capacity as National Security Adviser before.

Did you know or hear that the Defense Department was diverting either any funds or assets to the contras?

A I vaguely recall -- well, it goes back to '84 when we were searching for ways to take what little money we had and make it go as far as possible. I've got a vague recollection during that time period of not creating a slush fund but somehow transferring to them excess equipment or something like that.

Q Whose decision was that, do you recall?

A Mr. Liman, I just can't remember that.

Q Joint Chiefs of Staff?

A I'm sorry. I really can't remember. I just have a very vague recollection of that.

Q On Secord, I want to ask you one other question. Did you know he was at the London meeting in 1985 that was attended by McFarlane?

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A I am pretty sure I was aware of that. In fact, he may have provided some transportation. I can't recall right at the moment.

Q Actually, Mr. McFarlane gave him a list back. So it went the other way around.

A Oh. But because of Secord -- Secord became involved in the business in [redacted] in November -- he, in effect, was brought in at that time on the Iranian project. Secord was viewed as -- at least by me -- as a very effective operator.

Q You read in the newspaper -- and I won't comment about it beyond that -- but you read in the newspaper about alleged shredding of documents by Colonel North.

A I have.

Q And alteration of documents by Colonel North in November of 1986.

Apart from what you have told us as to what you anticipated with respect to that spiral stenographer's notebook that he kept, did you have any knowledge of shredding of documents by him?

A I wasn't even certain, Mr. Liman, that he shredded that one. What I was telling you was my impression that I had when he left the office.

Q And you have no knowledge of any alteration of documents by him?

A No. I do not.

MR. LIMAN: George, I have no more questions.

MR. VAN CLEVE: Let me just say what I would like to do at this point, Arthur has been very thorough. It has been a long day. I would like to take a two-minute recess to just review my notes and satisfy myself we haven't overlooked something. I don't intend to go back over ground that I think has been already covered. If we could take a brief break, I would like to do that.

(Recess.)

EXAMINATION ON BEHALF OF
THE HOUSE SELECT COMMITTEE

BY MR. VAN CLEVE:

Q Let me just start off by saying we are back on the record. I appreciate the fact you have been here as long as you have today, Admiral. Your counsel as well. I asked for the recess simply because, under the circumstances, we are going to be sealing our notes and sealing the documents and sealing the transcript. I wanted to be sure that I had a chance to review the material and go over it.

I think I only have one factual question. Before I get to that, let me just say this, as a matter of routine, when we do a deposition like this, the House likes to reserve its right to speak to you at a later time separately. I just wanted you to be aware of that sort of standard reservation.

The question I have is this: Can you recall at any time during the period January 1, 1984, to the present -- through the present -- seeing a memorandum to the President from any official at the White House that discussed the diversion of funds to the contras from any source?

MR. BECKLER: From any source?

BY MR. VAN CLEVE:

Q From any official in the White House to the President, from any source.

MR. BECKLER: The diversion from any source?

MR. VAN CLEVE: The diversion from any source to the contras?

MR. BECKLER: I am sorry.

MR. SMALL: You mean Iran --

MR. VAN CLEVE: No. I will be happy to repeat the question.

BY MR. VAN CLEVE:

Q Can you recall during the period of January 1, 1984, to the present seeing a memorandum to the President from any official at the White House which discussed the diversion of funds from any source to the contras?

A Well, let me try to go through my memory. As I said, I don't think there was anything that I have ever seen, at least that I can recall, to the President about the Iranian transfer.

In fact, my recollection was, at least in November of '86, that there wasn't anything that existed. I was surprised to see the memo that was made up and that Ed Meese's people found in Colonel North's safe. That did not go to the President, certainly; and I don't know of anything else on the Iranian project related to the transfer of funds to the contras that went to the President.

Diversions from other sources?

MR. SMALL: Do you have anything in mind?

BY MR. VAN CLEVE:

Q As an example, we were discussing just before we recessed, the possibility of the Department of Defense assets had been diverted to the contras.

A To the best of my recollection, I don't know of anything else. I suppose it's conceivable there's something else that I may have seen and forgotten. I am not trying to play games with you. I simply don't recall it.

Q Okay.

MR. BECKLER: Would this, for example, include the President having some knowledge perhaps that the Secretary of State or his representatives met with Brunei?

MR. VAN CLEVE: Sure. A memorandum to the

President that described an effort to obtain funds.

MR. LIMAN: He's not talking about oral knowledge. He's talking about documents.

THE WITNESS: Something in writing?

BY MR. VAN CLEVE:

Q A document.

A There may have been something to the President that I have forgotten that addressed our effort in early 1986 to identify third countries. I think, as I testified earlier, I have a recollection that Secretary Shultz, in one of his weekly meetings with the President in early '86, which I attended, said something to the President about looking for third-country support. There conceivably -- that could be in my file of notes about, that I kept on Secretary Shultz' meeting with the President which I don't have. They are somewhere in the White House, I guess.

That was -- the reason that didn't jog my memory was the way the question was asked. I wouldn't consider that diversion. That was third-country sources of funding.

You know, if you intend to broaden the question to include third-country resources, there may have been something in writing about [redacted] back early when their contribution started. Those are the only things I can think of.

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MR. VAN CLEVE: I appreciate it.

Do you have anything else?

MR. LIMAN: Nothing else.

Thank you very much. It was a much longer day than we all expected.

MR. VAN CLEVE: Thank you.

MR. BECKLER: I appreciate the courtesy of both of you.

(Whereupon, at 5:35 p.m., the deposition was concluded.)

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Stenographic Transcript of

HEARINGS

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

DEPOSITION OF JOHN M. POINDEXTER - Continued

Wednesday, June 17, 1987

Partially Declassified/Released on July 18 1987 under provisions of E.O. 12356 by [illegible], National Security Council

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Washington, D.C.

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DEPOSITION OF JOHN M. POINDEXTER - Continued

Wednesday, June 17, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Continued deposition of JOHN M. POINDEXTER, called as a witness by counsel for the Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 10:14 a.m., the witness having been duly sworn, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

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PROCEEDINGS

MR. LIMAN: This is a joint executive session of both the House Select Committee and the Senate Select Committee, and there are two Members of the House Committee present and one Member of the Senate Committee, as provided by our quorum rules, and I think the oath should now be administered.

MR. BECKLER: Sounds good.

REPRESENTATIVE FOLEY: Do you solemnly swear that the evidence that you are about to give in these proceedings shall be the truth, the whole truth, and nothing but the truth, so help you God?

ADMIRAL POINDEXTER: Yes.

SENATOR RUDMAN: Admiral Poindexter, why don't you proceed? I just want to confirm that this deposition will proceed under the same grant of limited immunity that was procured by the United States Senate from the Federal District Court here in the District of Washington and under the same circumstances that the previous deposition which we attended here some weeks ago; is that clear?

THE WITNESS: That is clear.

SENATOR RUDMAN: And I believe that the House will now notify you on their behalf that it's the same grant.

REPRESENTATIVE FOLEY: Yes. In accordance with the statement of Senator Rudman, we advise you that the testimony you are to give in this deposition is under the same grant of immunity previously granted by the United States Court in the District of Columbia.

SENATOR RUDMAN: And Representative Hyde is representing the Minority and I believe he affirms.

REPRESENTATIVE HYDE: I associate myself with the remarks of Mr. Foley and Senator Rudman.

MR. BECKLER: And are there subpoenas, too?

MR. LIMAN: Yes, we have subpoenas.

Whereupon,

JOHN M. POINDEXTER,

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn, was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

BY MR. LIMAN:

Q Admiral, I want to begin by asking you about some events on November 25, 1986, which is the date that you resigned and the day that Oliver North was fired. Did you meet that morning with the President?

A I did.

Q With the Vice President?

A He was there.

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Q Who else was there?

A Don Regan and Ed Meese.

Q Was Mr. Casey there?

A No.

MR. BECKLER: One question. Are we going to have this transcript fairly soon, because that's going to dictate how extensive notes I try to take now.

MR. LIMAN: Take notes.

BY MR. LIMAN: (Resuming)

Q Did Colonel North join the meeting at all?

A No, he did not.

Q Did you discuss at that meeting the fact that you would be resigning?

A Yes, although I wouldn't have really called it discussion.

Q Tell us what happened at the meeting.

A It was my regular 9:30 morning meeting with the President, and I came in and told him that I was certain that the Attorney General had told him about his conversation with Colonel North on Sunday and the memo that they had found, and I told the President that I was aware of the transfer of funds to the contras and that I thought it was best that I resign to give him as much latitude as possible. And he said that he regretted it and said something to the effect that it was in the

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tradition of a captain accepting responsibility.

And I stood up to leave, shook hands with everybody. Everybody said nice words. And I left the office. I was only there about five minutes.

Q Did you know at that time that Oliver North was going to be fired?

A I did not. In fact, that was not my understanding at all.

Q Your understanding was that Oliver North was going to be prepared to resign; am I correct?

A That he would simply be transferred back to the Defense Department.

Q Had he already sent you a notice requesting the transfer?

A I'm not certain of that.

Q But had you discussed that with him?

A Let me think a minute.

(Counsel conferring with the witness.)

As I recall, the Attorney General called me in the car on my way in to the office just about the time we were to go through the southwest gate, and he asked me if I could meet him at his office and I said fine. He said why don't you just go right over and I'll be there in a few minutes. I did that.

And then when I got back to the White House I

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walked down the corridor to see Don Regan. He was in a meeting, and I left word with his secretary I'd like to see him when he finished. And I walked back to my office and sat down to eat my breakfast. And Don Regan came in and then I think shortly after that -- that would have been about 8:00 or 8:30 or something like that -- I think I probably called Colonel North and told him that I was going to resign and that he should be transferred back to the Defense Department.

I asked him what he wanted to do, as I recall, and I can't recall whether he answered me or not. But either in that conversation or some previous conversation at least the impression I hade at this point was that he wanted to go to the National Defense University essentially for a year's sabbatical.

And the reason that I said I was unaware when I left the 9:30 meeting that he was going to be fired, my impression from talking to Ed Meese was -- and I can't remember his exact words, but my impression was simply that Ollie should be transferred back to the Defense Department.

Q And that was in conversation with the Attorney General that took place when that gave you that impression?

A In his office about 7:30 in the morning on the

25th. And the first I knew that Ollie's departure was to be characterized as firing was when I heard the press conference.

Q And had you had any conversations with Oliver North from November 21 through November 25 in which Oliver North had expressed to you the view that he was prepared to take the responsibility for what happened?

A I can't be certain of that time period.

Q Well, broaden the time period.

A Broaden the time period a great deal, maybe for a year or more. Periodically Ollie would indicate that he was "willing to take the rap", and I always told him when he said that that was a ridiculous position and that he had no need to say that.

Q What did you mean by that?

A Well, that, number one, you see, I had never felt that we were doing anything illegal. I still don't. It's controversial. It's a political issue, and I think with hindsight Ollie was thinking about it in the same terms, that it was a political issue and he may at some point become a political burden.

But I've been around Washington enough to know that that sort of thing is just not possible, that if there was a leak and if the operations were exposed that they would be a big political issue. It would be very controversial and there was no way that Ollie should or could accept responsibility for all of our operations in support of the President's policy.

Q Now what operations were you referring to?

A The support of the democratic resistance in Nicaragua and the Iranian project. We knew the Iranian project would be controversial from the very first discussion I can recall with the President on the 7th of December.

Q Did North use words like "scapegoat", that he would be a scapegoat?

A I don't ever recall that term.

Q Now you've probably heard in the testimony the people quoting him as saying that that was his role?

A I can't honestly say I recall that word being used, but I do recall that in testimony coming up.

Q Did North call you after the Attorney General announced that he had been fired?

A I think he probably did. I don't have a good recollection of -- well, I do remember one thing that was said, and I can't remember -- it was sometime on the 25th he called and indicated that Dick Secord wanted to call me or would be calling me or something like that, but I don't recall any comment from him at the time in the vein of objecting to what the Attorney General had said.

Q Did he tell you that the President had called him?

A No, I don't believe so. My recollection is that his call to me was earlier in the day, possibly right after the press conference.

Q Did the President call you after the press conference?

A No, he did not. The last time I spoke to the President was in that 9:30 meeting.

Q Has he written to you?

A Well, yes, he has. He wrote me a letter on -- was it dated December 3 --

MR. BECKLER: Somewhere around that, the actual last day.

THE WITNESS: I think it's in the boxes of documents that are over in the law firm. Did you see it?

MR. LEON: I recall seeing it.

MR. EGGLESTON: I think it is December 3.

MR. BECKLER: It's not substantive.

THE WITNESS: You know, it's a departure letter, what we call a departure letter.

BY MR. LIMAN: (Resuming)

Q Do you know whether North spoke to Meese on the 25th? I can't confirm that. I don't know that.

MR. BECKLER: You don't know one way or the other?

THE WITNESS: That's right.

BY MR. LIMAN: (Resuming)

Q You've testified that you did not believe that what you and Colonel North were doing in these different operations were unlawful. That's what I understand your position to be.

A That's correct.

Q Both this morning and yesterday. Did you ever receive any kind of memos or other documents discussing whether the NSC was free to solicit funds from third countries during the period of the absolute Boland prohibition?

A It is conceivable. It doesn't jump right out at me.

Q Well, let me see what you do recall, and for a time frame let me just state certain facts, that in October of 1984 the full prohibition of Boland was adopted, first in the continuing resolution on the appropriations, then in the Intelligence Authorization Act. In August of 1985 an amendment was adopted which permitted exchanges of intelligence, and then in December of 1985 the provision came in that permitted the solicitation of third country funding and also during that period you had the adoption of the $27 million humanitarian aid provisions.

Now I want to talk about that period from the fall of 1984, when the Boland amendment was adopted, until the provision came in that authorized third country solicitation for humanitarian aid by the State Department. Did you participate in the discussions of legislative strategy that led to seeking from Congress permission for the solicitation of humanitarian aid?

A I conceivably could have participated in conversations, although that was not my major area of responsibility during that time period. As I think I've testified before, Mr. McFarlane, with his experience on the Hill and also because he was the National Security Advisor, took the responsibility in our front office for legislative action and relations with the Congress.

And one of the other deputies, Mr. Fortier -- see I was the principal deputy at the time, and there were some other deputies. Mr. Fortier, who had been on the House Foreign Affairs Committee staff, did most of the staff work for Mr. McFarlane on legislative strategy, so I was probably in rooms during discussions of the issues but I really didn't contribute very much and didn't really get involved in the action.

Q Can we mark as the next Exhibit, Exhibit 24, a document addressed to Mr. McFarlane by that famous author

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Oliver North, dated January 15, 1985. The cover page indicates that Mr. Poindexter, Admiral Poindexter was copied on it.

(The document referred to was marked Poindexter Exhibit Number 24 for identification.)

Admiral, let me give you --

MR. BECKLER: Let us take a look at it for a moment, Arthur, please.

(Pause.)

BY MR. LIMAN: (Resuming)

Q First, do you recall whether you read this document?

A I've got to read it.

MR. BECKLER: Let the record reflect this is about a ten-page document we're seeing for the first time here -- well, not ten.

MR. LIMAN: It doesn't matter. It's not a one-page document.

MR. BECKLER: A multi-page document.

(Pause.)

BY MR. LIMAN: (Resuming)

Q Have you looked at it? Do you recall whether you saw it?

A I don't recall whether I've seen it. In fact,

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my guess would be that I probably didn't see it, even though it says I did.

MR. BECKLER: You didn't read it?

THE WITNESS: I probably didn't even see it. But anyway what it is, obviously it was in a notebook. See, this was the beginning of the year, I guess, after the Boland Amendment passed, and as I recall Colonel North had convinced Mr. McFarlane that he ought to make a trip down through Central America, and this was the background paper which was no doubt included in a notebook with probably other tabs.

And the chances are, because it was not really an action document, it probably, the notebook probably went directly in to Mr. McFarlane. I probably got a copy and I may or may not have read it. I don't recall reading it.

BY MR. LIMAN: (Resuming)

Q Well, if you look at page three --

A Numbered three?

Q The page numbered three, at the top Colonel North wrote: [redacted]

"The resistance" refers to the contras; you are aware of that, correct?

A Right. Correct.

Q [redacted] And then he refers to six basic options. [redacted] which he puts a parentheses, Tab F, and the first one says [redacted]

Do you see that?

A Yes.

Q If the understanding at the NSC was that Boland didn't prohibit obtaining third country support, do you know why Oliver North was discussing with McFarlane obtaining new legislation to authorize as such third country support?

A I don't know what Colonel North was thinking about when he wrote that.

Q And he also, as you go down, the fourth option is [redacted] Do you remember any-discussions about the fact that the NSC should not be soliciting funds for the contras?

A Mr. McFarlane was very sensitive about the issue. The sensitivity, as I understood it, was that he felt the same way I did, that the more people that knew about something the more likely it was to leak out, and especially in the case of [redacted]

So Mr. McFarlane's sensitivity, as I understood it, was about a wholesale effort to identify third countries to provide contributions unless it was a procedure that was agreed to by all concerned.

Q Who is "all concerned"?

A I think including the Congress. I think, you know, he recognized that Congress wouldn't like it, the opponents of the program in Congress wouldn't like it.

Q Well, Admiral, did you listen to McFarlane's testimony?

A I did.

Q Do you recall McFarlane testifying that he stated on more than one occasion at staff meetings of the NSC that the NSC should not solicit, coerce, encourage, or broker contributions for the contras?

A I don't have any recollection of that.

Q Well, that's his testimony.

A I know. I heard him testify to that.

Q But do you recall him? I'll get it, Mr. Beckler. Do you recall him ever saying that at the NSC staff meetings?

A I don't recall his saying that. That doesn't mean he didn't do it. I just simply don't recall it.

Q Now you attended, as his Deputy, staff meetings with the President, briefings with the President?

A Yes, in general that's true.

Q Was there any discussion in your presence with the President about whether third party solicitations, third country solicitations were appropriate during the period that you were Deputy?

A I can't. I've tried to think about it and recall. I can't recall a specific incident.

Q Did you ever hear the President discuss the [redacted] contribution?

A I can't recall that, although I felt that he was aware of it.

Q Well, when you said you felt he was aware of it, why?

A Because I think, as I recall, Mr. McFarlane told me that he had told the President.

Q But Mr. McFarlane never told the President in your presence, correct, so far as you recall?

A As far as I recall, I can't remember it. So his explanation in his testimony that he included it as a note in the 9:30 briefing folder seems logical.

Q Is there any reason that you can think of, having held the position of National Security Advisor, why Mr. McFarlane would not tell the President that [redacted] [redacted] had contributed?

A I don't see any reason why he wouldn't. I can understand why he did it by note, though.

Q Would you consider it to be a possibly embarrassing thing from a political point of view if the President had to acknowledge that he knew of a [redacted] contribution?

A I don't --

(Counsel conferring with the witness.)

MR. BECKLER: Repeat the question, Arthur. You've got a lot of negatives in there -- would it be possible, if not.

MR. LIMAN: Mr. Beckler, we don't have to have speeches.

BY MR. LIMAN: (Resuming)

Q You've already indicated that there were some things that you didn't tell the President because you wanted to spare him potential embarrassment if it came

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out; correct?

A That's correct.

Q And you wanted to give him deniability; is that right?

A That's correct.

Q Now do you think that it would have been embarrassing to the President of the United States if it came out that he knew that [redacted] had contributed to the contras during the Boland period?

A I guess I would have to say that I don't think it would be particularly embarrassing. That was not my understanding of Mr. McFarlane's concerns.

Q Well, you understood that Mr. McFarlane didn't even want to discuss this in the presence of the Chief of Staff, right?

MR. BECKLER: Objection. I don't know where that understanding comes from, what is the basis for your saying what this client of mine understood about what Mr. McFarlane said. Let me finish my objection, please. This is a deposition. I have a right to put my objections on the record without having counsel cut me off. Now you either let me do it or we're not going to continue this deposition.

MR. LIMAN: Okay. You can make all the objections you want.

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MR. BECKLER: Thank you, Counsel.

BY MR. LIMAN: (Resuming)

[redacted]

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Page 256 deleted
in its entirety

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[redacted]

BY MR. LIMAN: (Resuming)

Q Did you have any discussions with any [redacted] officials about the importance of [redacted] assisting the United States in fighting communist incursions in Central America?

A The only conversation that I recall was the one I think I testified about on the second of May, and that was a discussion with [redacted] at his residence and I don't know the time frame, but it was after some long period, as I recall, after [redacted] contribution in which I raised the issue with him as to how General Vessey knew about what I recall was $25 million.

Q Why were you disturbed that General Vessey knew?

A Only from the standpoint that that indicated one more person in the compartment that knew that that we frankly didn't think had a need to know.

Q Did you think that General Vessey could keep a secret?

A Yes, unless he made a mistake. And, you know, as you have detected, I guess, I am pretty close-mouthed in public. And I just don't believe that people need to know things if it's not essential.

Q Did you think that the Secretary of State needed to know this?

A I guess I would have to answer that that I think he probably should. And, frankly, I wasn't certain whether he knew or didn't know.

Q As you recall -- and we'll come to it -- in or around June of 1986 you and Oliver North had an exchange as to whether the Secretary of State knew.

A You want me to talk about that?

Q Yes, why don't you? We might as well do it now?

MR. BECKLER: Arthur, let me just interject one thing here. The reporter is not noting when he consults with his counsel on the record?

MR. LIMAN: The reporter normally does note that.

MR. BECKLER: I don't think that should be noted. It's not necessary.

MR. LIMAN: I believe in every deposition I've ever been at it's noted.

MR. SMALL: It wasn't noted at the last deposition.

MR. BECKLER: It should not be noted at this deposition either. It's irrelevant. He has a right to confer with me and it doesn't have to be noted in the record.

MR. LIMAN: He has an absolute right to confer with you, but the record ought to indicate when he's conferring with counsel.

MR. BECKLER: I have never seen in the

depositions that I've taken it noted without agreement by counsel that that should be allowed, and I'm not agreeing to that procedure. I think it clutters the record and I don't think there's any provision for saying that that necessarily should be included.

MR. LIMAN: Simply because I'm older than you I've taken more depositions than you have and to me it's almost unheard of not to note what the fact is, which is that you are consulting with your client, which you have a perfect right to do and from which no inferences are drawn, period.

MR. SMALL: Then accordingly there's no need to have it on the record, so no inference can be drawn from it. It has a chilling effect on consultation between counsel and clients.

MR. LIMAN: You know something? It has an actual important purpose, which is that if questions ever arise as to whether or not the witness did or didn't have a recollection of something, the fact that there's no dispute as to whether he consulted with his counsel is important to have on the record. There's nothing to be ashamed of in having it on the record, and I think you're being much too sensitive about it.

MR. BECKLER: We're not saying we're ashamed of it; we just object to the procedure of having it noted

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on the record.

MR. LIMAN: Your objection is noted and we can take it up with the Chair, and if you want it eliminated from the record I will leave it to the Committees, but I think it's a proper procedure. Do you agree?

MR. LEON: Can we talk about it for a second off the record?

(A brief recess was taken.)

BY MR. LIMAN: (Resuming)

Q At the break you were going to tell us about the circumstances under which you found out that the Secretary of State did not know about [redacted] contribution and so on.

A Right. I can't recall exactly what prompted Colonel North's PROFs note to me, which I have seen since and so my memory has been refreshed that he sent such a note, but when he asked me whether the Secretary of State knew and I responded to him in some rather definitive way that I didn't know, and said that, as I recall, the less he knew, the better.

Q You said in essence -- I could get the note out -- that we'd better check with McFarlane, or he said that, as to what the Secretary of State knew or didn't know.

A But the point I want to make is that I would

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often tell Colonel North -- I mean, I didn't necessarily tell Colonel North everything that I was doing, but I didn't want him inquiring around as to whether the Secretary of State knew or didn't know. After his note my recollection is that I called Mr. McFarlane, asked him, and my recollection is that he said that he didn't think that he had told the Secretary of State but that he would. And I said fine.

Q Okay. Let's move on. Let me ask you something out of order but in connection with another witness does the name [redacted] mean anything to you?

A Yes, it does.

MR. LIMAN: Can we go off the record for a second?

(A discussion was held off the record.)

MR. LIMAN: Back on the record.

BY MR. LIMAN: (Resuming)

Q Do you recall, Admiral, ever discussing with McFarlane in early 1985 whether or not you needed a new Presidential Finding in order to seek third country support for the contras?

A I can't recall that.

Q Let's mark as the next exhibit a PROFs note from Fortier to McFarlane, copy to you, Admiral, shown

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right on it.

(The document referred to was marked Poindexter Exhibit Number 25 for identification.)

(Pause.)

Do you recall receiving this PROF note?

A No, I don't recall it.

Q You see that it says, toward the last third of the PROF note, "Ollie believes we need to flag the possible option of a Finding permitting us to seek third country support. John and I are both uneasy about raising this." Do you remember ever expressing any discomfort about seeking a new Presidential Finding with respect to third country support?

A As I said, I don't recall the memo, but that would be consistent with my view.

Q Which was?

A Which is that I would have been uneasy about raising that because if we raised it we wouldn't have any assurance that we could get Congressional agreement on it, and I felt that it was better, we were in a better situation where we were of being able to quietly get third country support. If we raised it, we might be told specifically not to, and that would put us in a bind.

Q Did you discuss this point of view with

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someone?

A According to this note I discussed it with at least Don Fortier. I don't have -- I mean, I know how I felt about the issue, but I don't recall any conversations about this, about it.

Q Did you discuss this with the President of the United States?

A I don't have any recollection of it.

Q Do you recall any Presidential -- sorry. Do you recall any Presidential addresses in which the President described Nicaragua as his number one priority at the time?

A I don't recall one specifically. I don't doubt that he did. It would be consistent with his position.

Q And is it fair to say that in your working with the President it was a matter of great interest of his, the support of the contras?

A I would phrase it a little differently.

Q Well, I'd like your phrasing.

A He felt that getting a democratic government in Nicaragua was a very important issue in terms of the long-term national security of the United States. He also felt that the way to do that was to keep pressure on the Sandinista government to do that. He felt the

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contras ought to be supported. But I would describe his priority as getting a democratic government in Nicaragua.

Q Are you aware that when legislative votes would come up on the subject of funding for the contras that the President would call the Members of Congress?

A Absolutely.

Q And he would even take the time to make notations of what their reactions were to his appeals?

A That was his standard procedure in terms of his conversations with Members of Congress.

Q Then can you tell me, given this concern of the President, whether you recall any discussions with the President of the United States during the period that you were the Deputy National Security Advisor about third country support?

A Well, as I testified on the second of May, I recall one specific incident, and that was while I was technically still the Deputy, when I came back from the one-day trip I made through Central America and my memory, of course, was refreshed because of my notes. But I did discuss with him then [redacted] support.

Q You mean --

A The air strip.

Q You discussed that?

A Yes. But, you see, normally in the 9:30

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meetings with the President when I was the Deputy, I listened and seldom interjected anything of my own unless Mr. McFarlane specifically turned to me.

Q Well, let me make it clear I'm not asking you whether you said we ought to get third country support. I was asking you any conversations. Do you recall the President discussing it, McFarlane discussing it in that period?

A There no doubt was. I simply don't have a recollection of it. We conceivably could have had an NSC or NSPG meeting on the subject.

Q Do you recall at any time during that period, which is a period when there was a total cutoff of aid by Congress, any position that the President expressed on whether aid should be sought from third countries?

A I just, Mr. Liman, simply don't have a recollection of it. That doesn't mean that it didn't come up. I just don't recall it. Conceivably my previous notes that I suppose you have access to could indicate that, but I don't remember. I haven't seen those notes.

Q I can assure you, Admiral Poindexter, I'm not holding back pieces of paper from you and that if your notes indicated I would show them to you know. That's why I'm asking you for your recollection.

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A No, I don't. As I said, it doesn't mean that they didn't occur, and just because they don't appear in my notes doesn't mean it doesn't occur.

Q But essentially from June of 1984, when money ran out, until August of 1985, when NHAO money was made available to the contras, the funding was coming from third countries?

A Um-hum.

Q Can you not recall a single occasion in which you were present where the President was told that?

A I'm sorry. I just can't recall it.

Q Was the President interested in how the contras were doing from a financial point of view?

A You see, that was not characteristic of the President. That was a level of detail that as long as he knew that they were being supported he depended on us to follow, you know, how much money they had, where it was coming from, and so that's not something that, for instance, that I would particularly raise with him as National Security Advisor.

Mr. McFarlane may have discussed it. I simply don't recall it.

Q Well, how did you think he knew that they were being supported?

A Well, as I said earlier, I was aware because

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Mr. McFarlane told me that he had informed the President of [redacted] contribution, and so my understanding was that the President knew that. And again because of the great sensitivity that we attached to that, for the reasons that I have described, it was important that it not be discussed in front of a lot of people. In the 9:30 meetings that I attended as Deputy there were always several people there.

And at one point, as Mr. McFarlane has testified, when Jim Baker was the Chief of Staff there would usually be a total of, myself included, about seven people in the office, and sensitive issues like that Mr. McFarlane didn't like to discuss in such a large group. And I certainly understood that and, frankly, agreed with it.

Q You testified last time that in approving the use of some of the proceeds of the Iranian arms sale for the contras you believed that you were acting consistent with the President's policies and the precedents of third country support; correct?

A Correct.

Q And you said that you believed that if the President had been told about this he would have concurred?

A That is my belief.

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Q Other than [redacted] contribution is there a single other contribution for the contras during the Boland period that you are aware of that the President knew, and that's prior to Brunei?

A I suspect that -- I can't remember the exact timing of the contribution from [redacted]

Q Well, I'll help you on that.

A When was that?

Q The contributions from [redacted] came in before the diversion.

A What I was going to say was I suspect the President knew about that. I can't recall --

MR. LEON: It was the August-October time frame.

THE WITNESS: '85.

BY MR. LIMAN: (Resuming)

Q When you say you suspect he knew about then, what gives you that suspicion?

A Well, Mr. McFarlane was still there and there would have been no reason for him not to tell the President about [redacted] contribution because the President was aware of [redacted] contribution.

Q But Mr. McFarlane denies that he knew of the [redacted] contribution.

A Well, that's his recollection.

Q Did you ever hear McFarlane tell the President about the [redacted] contribution?

A I can't recall it.

Q Now the [redacted] contribution would have also been a very controversial contribution; correct?

A It would have for many of the same reasons.

Q Did you tell the President about the [redacted] contribution?

A I don't recall doing that.

Q Who told you about the [redacted] contribution? Who told you about it?

A Colonel North, my recollection is.

Q You testified last time that from time to time Colonel North would be invited to the briefings of the President when there was something involving Central America that he would have some input on.

A That's correct.

Q Did Colonel North ever report to the President in your presence on contributions from third countries?

A I don't recall that.

Q Was the President ever told in your presence that any monies were being solicited for lethal aid for the contras from private citizens?

A As I testified on the second of May, I don't recall great distinctions being made in terms of private contributions and third country contributions between lethal and non-lethal aid. You know, frankly that is a real semantic exercise.

Q But the President of the United States said that he understood that the money that was being solicited from American citizens was being used for ad campaigns to encourage support for the contras. That's what he just said. Now were you ever present when he was told something to the contrary?

A As I've said, I can't recall that.

Q You can't recall what?

A Being in his presence when he was told something contrary to that. That's his recollection.

Q Now there is a distinction between lethal aid and ad campaigns to solicit support for contra aid legislation, isn't there? You'd agree with that?

A Well, in the end they both have the same effect.

Q Admiral, there's a difference in your mind, isn't there, between spending money for hand grenades and weapons and for an ad campaign?

A Well, if an ad campaign leads to a change in a Congressional vote, it accomplishes the same purpose.

Q But did the President of the United States ever approve a solicitation of funds for anything other than ad campaigns so far as you know?

A As I testified earlier, he often talked in generic terms about how he thought it was appropriate for private individuals to support the contras. As I said, I don't recall a distinction being made between lethal and non-lethal aid. As I've said, he often quoted or discussed the precedents of the organizations like Lafayette Escadrille and other efforts of U.S. citizens on a private basis helping in the insurgencies in foreign countries.

So, you know, my impression at this point, recalling the time period, there's not a big distinction in my mind between lethal and non-lethal aid. I was convinced that the President was in favor of private support to the democratic resistance.

Q Was there distinction in your mind between lethal and non-lethal aid when Congress passed the law that said that third country assistance could be solicited for humanitarian purposes?

A I frankly don't recall that distinction. I do recall when NHAO was in existence that there were various controversies about what was lethal and non-lethal when I became the National Security Advisor and it involved at that point, in consultations with Congress I can recall and I recall that my thinking at the time was that this is a real uncertain division.

Q Admiral, do you not recall discussions when you were National Security Advisor and Deputy about the fact that one option was to get legislation permitting you to seek from third countries humanitarian aid?

A I recall that there were discussions about that that eventually led to the modification of the legislation.

Q And do you recall that there were discussions in which at least Members of Congress drew a distinction between humanitarian aid and lethal aid?

A Yes.

Q And do you recall that the President of the United States signed a bill that came from Congress that drew that distinction between humanitarian aid and lethal aid?

A Yes.

Q And so whether you think that there's a difference between humanitarian aid and lethal aid, do you recall any discussions with the President of the United States in which there was a distinction drawn for him between lethal and non-lethal aid?

A The only discussions that I can recall were with regard to the legislation that would appropriate

U.S. Government funds. I don't recall those discussions in connection with third country and private support.

Q Now when Congress passed the law in December of 1985 permitting the State Department to solicit humanitarian aid, were you aware of the passage of that law?

A In general terms I was.

Q Did you consider that you were free at that point to seek lethal aid from third countries?

A I don't recall focusing on that particular distinction. Frankly, if we were able to get third country contributions to go to the contras it was going to be very difficult for us to have any sort of control over how the money was spent.

Q Well, Admiral, did you feel after that law was passed that you were free to go to a third country and say we want money for munitions?

MR. BECKLER: I'm going to object to this line of questioning. This really is getting into the area of whether or not Admiral Poindexter, what his interpretation of various laws was, what he did, what he did not do. You can ask him what he did, what he femembers, who he spoke to, but he is not qualified to be expounding on what the meaning of a particular law is or whatever everybody else felt the meaning of the law was.

Let's just get on with the facts of what happened.

BY MR. LIMAN: (Resuming)

Q Admiral, did you understand that when the Secretary of State was approaching Brunei through his Assistant Secretary of State that he was seeking humanitarian aid?

A As I said, I don't recall that distinction.

Q Did you believe that when you approved the use of the proceeds from the Iranian arms sale that it was going to be used only for non-lethal support?

A Absolutely not.

Q Did McFarlane ever tell you whether he told the President of the United States what [redacted] money was going to be used for?

A I simply can't recall that.

Q Did [redacted] when you met with him, tell you that the contribution was for humanitarian aid?

A I don't recall that distinction being made.

Q But you had an understanding that they were using that money for guns and ammunition, didn't you?

A That's correct.

Q Were you involved at all in any of the preparatory sessions for the meeting [redacted]

A I probably was. Our general procedure was to have at least one pre-briefing [redacted] [redacted] I don't recall this one, but no doubt there was one and I was probably there.

Q Do you recall any discussion with the President of the United States about the fact that the money that had previously been pledged by [redacted] was inadequate and was running out and that we needed more money for the contras?

A I don't recall that.

Q Was there any discussion prior [redacted] [redacted] that we had to find some increased source of funding for the contras?

MR. BECKLER: Discussion with whom?

BY MR. LIMAN: (Resuming)

Q Any discussion that you are aware of?

A I do have some recollection that Colonel North reported that the contras were running out of money, and my recollection is that he went back to Mr. McFarlane and asked him to reapproach [redacted] about increasing their contribution. I can't remember what time frame that was.

Q Was that discussed with the President in your presence?

A Again I don't recall it, because again, you know, I can't, for instance, recall a time that I met with the President and Mr. McFarlane, just the three of us. Now conceivably there may have been an occasion, but I can't recall it. But it would only have been under that kind of limited participation, at least my belief today it that it would have only been under that kind of situation, that Mr. McFarlane would have raised that issue.

Q Why?

A Again because we felt the fewer people that knew about this the less chance there was for leakage, and for the reasons I have described we were concerned about leakage.

Q But here you had the President of the United States who you acknowledge was deeply concerned about the fate of the contras during this funding cutoff.

A That's correct.

Q And you are being told by Colonel North, who is the point man on this, that they are running out of money; correct?

A That's correct.

Q And you're being told by Colonel North that we ought to go back to [redacted] is that so?

A That's correct.

Q I mean, if you don't bring something like that to the attention of the President, what is brought to the attention of the President of the United States?

MR. BECKLER: Does he have to answer that question?

MR. LIMAN: Yes, it's a serious question. I don't know what issue is elevated to the attention of the President if something like this isn't.

MR. BECKLER: If you have an issue that you want to ask if it's elevated to the President, you ask him, but he's not going to sit here and answer what is elevated to the President during the five years he worked in the White House.

Now we have had asked and answered at least fifteen times about what he recalls about what he spoke to the President about [redacted] Now we're not going to sit here and answer it over and over and over again.

MR. LIMAN: You can make all the speeches you want.

BY MR. LIMAN: (Resuming)

Q What are the criteria for deciding what issues to elevate to the President of the United States?

A It's a very hard thing to define. It's very subjective. It depends on a lot of personal judgment. Certainly untoward incidents against U.S. property and personnel any place in the world, the status of legislation, the status of the -- with regard to Central America, the status of our negotiating track, the status of the contras in terms of how many there are, how many are armed, whether they are in country or in one of the surrounding countries, arms control. An awful lot of time is spent on arms control.

You have presumably my 9:30 file, although I guess maybe you've got redacted versions of it. There are a whole range of things. But going back to your earlier questions, I'm not saying the President wasn't told about these things; it's simply that I don't have a recollection of it.

You know, in that position you really get into a situation of overload on your memory. There are so many issues. You know, we're talking about a time period that I was involved in the White House of five and a half years. You know, without something that tickles my memory or that I can refer to, I simply don't have a recollection of it.

Q Admiral, you have mentioned that one of the concerns about talking about [redacted] with the President was that there was a desire to keep this information closely held; correct?

A That's correct.

Q And that the more people who know, the greater the risk of leak, I suppose.

A Inadvertent leakage, too, not intentional necessarily.

Q But isn't it a fact that very, very sensitive secrets of state were discussed at these early morning briefings of the President?

A That's correct.

Q And without getting into what they were, I mean, can you not recall occasions when matters of even greater sensitivity than the fact that [redacted] is giving some money to the contras was discussed with the President in the presence of this little family group he has there?

A Now what's the specific question again?

Q Weren't there matters of even great national sensitivity than [redacted] contribution discussed with the President at this security briefing he got every morning in the presence of his chief of staff?

A Well, again, you know, to answer that question you need to think about the philosophy as to why or the theory as to why leaks occur. If an issue is clearly of national security concern of the United States, like, oh, let's say, that we have a spy in [redacted] or something -- I'm not saying we do -- now that would clearly be recognized by everybody in that meeting as something that they should never say anything about.

An issue like [redacted] contributing funds for Central America doesn't fall in that category. It's sensitive because of the sensitivity [redacted] have about it. It's sensitive from the standpoint that we don't want more restrictive legislation. But it's more a political issue, and those are the things that people sometimes like to reveal either intentionally or they do it unintentionally to indicate how in the know they are. And those things are very susceptible to leakage.

And so that's why there was a big distinction, at least in my mind. I can't speak for Mr. McFarlane.

Q And when you say in your mind, that's why you assumed that he never discussed it insofar as you recall in your presence with the President?

A That's correct. It was a tidbit that could easily leak out.

Q I'm going to mark as the next Exhibit an NSC document dated September 2, 1984, from North to McFarlane. It shows that you have received it, but, if I read this correctly, before McFarlane. And I'll ask you to look at it, see if you can recall it. The handwriting on the end is hard to read, but it says "Let's wait a week or two." Then it's crossed out, and it says "I don't think that is legal."

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MR. BECKLER: Are we going to go off the record for a minute on this question of receiving it? I just want to clarify something.

(A discussion was held off the record.)

(The document referred to was marked Poindexter Exhibit Number 26 for identification.)

(Pause.)

BY MR. LIMAN: (Resuming)

Q This was also printed, I should tell you, in the Tower Report, as I recall, or summarized.

Do you recall that at all?

A No, I don't. In fact, the way this route sheet is marked I can't recall whether I saw it. The only way that you can be sure that I have read a memo is if my initials are on it someplace.

Q Why don't we get into that now? During the period that you were the Deputy could you give me an estimate of how many pages a day of reading you did?

A Hundreds. I don't know the number -- a very large amount.

Q Do you speed read?

A No. I'm a slow reader.

Q And after you became National Security Advisor did the reading increase or decrease?

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A Decreased.

Q Because you had a Deputy who could do it?

A Yes, for a period of time. But, of course, then I operated from the middle of May until the first of, I guess, the end of September without a Deputy. But still it seems to me my staff filtered out the stuff, as I had done for Mr. McFarlane.

Q Now if you filtered out the material for McFarlane, who would have filtered out a report like this for McFarlane?

A This must have had some time urgency. It looks like the President was getting ready to do someplace in the afternoon. What I was going to say is that the check mark means that a copy of it was sent to me. Whether I saw the copy before Mr. McFarlane did would be highly questionable.

Q But who would --

A And the chances are I did not see everything that came out from Mr. McFarlane.

Q But who would screen the memos that were addressed to McFarlane during the period that he was National Security Advisor?

A I would normally.

Q And would someone screen them for you?

A Yes.

Q So that if somebody sent a memorandum to McFarlane what would be the process?

A Well, it depends on what system it's in.

Q Let's take System IV.

A Again, on System IV it would depend on the content. Some of the System IV items -- the normal flow of paperwork for all the Systems was from the staff officer to the Executive Secretary, from the Executive Secretary up to the Deputy, and from the Deputy in to the National Security Advisor.

Now under me I did it a little bit differently. Before it got to me, after it left the Deputy, it also went to my military assistant, who did even more filtering.

Q But would somebody put them in piles for you so that you'd understand that some things really required action and you should read and other materials was just to tell you that something had been sent but it was not a matter that required your paying any attention to it?

A That's correct. I had several categories -- urgent items that were in a red folder, action items that were less urgent but that I had to take some sort of action on, and then information items. Chances are, just looking at this document, that because it was going in to Mr. McFarlane at the same time it was going in to me, it

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probably went into my information folder.

Q You see, in this memorandum Oliver North is recommending that a private donor be approached to fund the purchase of a helicopter for the FDN; correct?

A Um-hum.

Q And he talks about the fact that the only helicopter that the FDN had on its northern front had been shot down.

A Um-hum.

Q And if the notation there was put on at the time, Mr. McFarlane indicated that he thought it wasn't legal to approach a private donor.

A I don't know what Mr. McFarlane was thinking. I mean, I see what he wrote, but I don't know the background.

Q But you have no recollection of the memo and you have no recollection of Mr. McFarlane expressing a view against solicitation of funds? Is that what it comes down to?

A That's not exactly what I've said before. What I've said before is that my impression was that he was sensitive about solicitation on any sort of a broad scale.

Q What does that mean?

A Well, for example, he didn't want, for

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example, State Department going out and soliciting funds from third countries.

Q But this was Oliver North. He's not State Department.

A Yeah, that's true. Again, I don't recall it. I don't recall having any discussion with Mr. McFarlane about it. I don't know what his rationale was for saying that. I frankly wouldn't see anything wrong with it.

Q And I think I know the answer. Is it a fact that you don't recall whether this was ever elevated to the President of the United States?

A I'm sorry. I just don't know.

Q I'll mark as the next exhibit a memorandum dated March 27, 1984. It's from Mr. Casey to Mr. McFarlane, and the only question I have is whether or not you've seen this document before.

(The document referred to was marked Poindexter Exhibit Number 27 for identification.)

There is writing on the second page.

(Pause.)

A I don't recall seeing it.

Q I'll next mark as the next exhibits two PROF notes, each given a separate number, one dated 5/8/86, one dated 9/15/86. Both of them are addressed to you

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from North. [redacted]

(The document referred to was marked Poindexter Exhibit Number 28 for identification.)

The other is a message that refers to a [redacted] offered to put some Spanish-speaking Israelis into Central America to assist in training.

(The document referred to was marked Poindexter Exhibit Number 29 for identification.)

My question is whether you've seen these PROF notes before and whether this was a subject that was briefed to the President of the United States, just so you know when you read them what I'm looking for.

(Pause.)

Whenever you're ready, Admiral.

A Okay.

Q I'm talking about on Exhibit 28, I referred you only to the top note. Do you recall that note?

A I don't recall the note. I recall the issue.

Q The issue being?

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A [redacted] I do recall that issue.

Q Was that ever reported to the President of the United States by you?

A [redacted]

A It's conceivable, but again --

Q It rings a bell?

A Yes, it rings a bell, but I don't have a firm recollection of it.

Q What about Rabin's offer to send some Spanish-speaking advisors to Central America?

A That's more vague. I don't remember the note that you have here that's Exhibit 29.

Q While we're on the subject of notes, why don't we deal with what Mr. Beckler had raised before? The PROF note system was a system in which you would get the message on a terminal; is that correct?

A That's correct.

Q Now if you wanted to, you could print out the message.

A Some. Well, in general that's true.

Q And you had a printer, right?

A Yes, I had a printer. You could also direct the secretary to print it out.

Q In your case what was your practice with respect to printing out PROF notes?

A Generally I didn't. Once in a while, if I had something that was going to require further study or if it was especially a complex issue that I wanted to think about for a while, I would print it out, but that, frankly, was very rare.

MR. BECKLER: To shed light on this, maybe you could explain the system in the sense that you would flash up on the screen to see what messages you had before you got into the actual reading, because if you had to read them on the screen it's like reading --

BY MR. LIMAN: (Resuming)

Q You would see who sent you the message; is that correct?

MR. BECKLER: Why don't you just give us sort of an overview as to how it worked?

THE WITNESS: There were several screens and the PROF system did more than just send electronic messages. It also kept appointments and schedules and telephone logs and several other functions. And you had essentially an electronic in box and when you pushed the key for the electronic in box you would get essentially an index of the notes that you had waiting there.

It would indicate who the note was from, and I believe I think it also indicates the subject. And then you could either than go to that note and read it or not.

BY MR. LIMAN: (Resuming)

Q And you made it a practice, you testified last time, of clearing out the old notes about once a month?

A That's correct.

Q That involved taking a few steps with the computer?

A That's correct.

Q Did you ever teach Oliver North how to do that? Is that one of your great regrets?

A Should I answer that?

MR. BECKLER: No, let's just go on.

THE WITNESS: Yes, there was a provision to either save the note or delete it, and my normal routine would be as I read the notes I would move them. I would save them into a note file. That note file would grow.

BY MR. LIMAN: (Resuming)

Q Hard copy or just save them on the machine?

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A Electronically save them on the machine, and then at the end of the month I would go in and move the note file into another file and then erase that file.

Q Were you aware, Admiral Poindexter, that the messages that you had in the PROF machine were copied periodically by a central computer?

A I wasn't specifically aware of that, but in general I understand that data processing centers back up their disks to magnetic tape periodically to protect against loss of information.

Q Okay. I've asked you about those two messages. Now we talked previously about --

A I'm not sure I fully answered your question on the Spanish-speaking trainers. I said I didn't recall the message. It's very vague. I do have a recollection that at various points the Israelis did talk in terms of offering some trainers. I don't remember this particular message.

Q Do you remember discussing that with the President of the United States?

A I don't remember that, because I don't think we ever did that or they ever agreed to do it.

Q [redacted]

[redacted] Was that ever discussed with the President of the United States?

A I don't believe that was, and the reason I could be a little more definite on that is that kind of thing I wouldn't have discussed with him until after the [redacted]

Q You wouldn't have told him that [redacted]
[redacted]

A What was the time frame of that?

Q Well, I have the message, and why don't we mark it and I'll show it to you. But in whatever ledger people keep in their minds?

A It conceivably is something that I would have told him, I guess.

Q May '86. Let's mark this as the next exhibit.

(The document referred to was marked Poindexter Exhibit Number 30 for identification.)

A It would have depended on what else was happening. You know, a lot of these things that would be on the margin of whether I would tell him or not depended on what else I had to do during the day.

Q You are now looking at the exhibit.

(Pause.)

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A I really can't recall.

Q Well, let me mark as the next exhibit some handwritten notes of yours dated March 25, 1985.

(The document referred to was marked Poindexter Exhibit Number 31 for identification.)

(Pause.)

A Okay. This is what I was saying earlier. I can't recall that, but obviously he did discuss that.

Q Now when you say he discussed it, the note says "meeting with the President". This is your handwriting, correct?

A That's correct.

Q "Bud covered our plan".

A Right.

Q "Third country assistance, non-lethal aid, intelligence restrictions, private humanitarian aid." What do you remember about "our plan"?

A I don't remember that.

Q Do you remember that when you wrote it down you wrote "non-lethal" aid, so you knew what non-lethal aid was?

A That's right.

Q And you write "private humanitarian aid", and you understood that that's not the same as arms?

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A As I told you before, I can't recall this conversation. I mean, my notes indicate that's what he discussed, but exactly what was said under third country assistance --

Q Admiral, if we step back and try to take an overview of it this was a period in March of 1985 when you were seeking to get some relief from the Boland Amendment. You recall that, don't you?

A Well, we were always trying to do that. That's correct.

Q I mean, you couldn't go back to Congress a month after the amendment was passed, but there came a point when you concluded that yes, you'd try to do it, right?

A Um-hum, correct.

Q And you were trying to come up with a plan that would be attractive to Congress so that you could get the votes; is that correct?

A That's correct.

Q Now were you involved in the legislative planning?

A Not really until I became National Security Advisor in January of '86.

Q So that before that that would have been McFarlane?

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A And Don Fortier, and I worked on other issues.

Q But did you understand that the package that they were trying to sell to Congress involved presenting it to Congress as what we'll do is we'll seek non-lethal aid, humanitarian aid, that that was the pitch?

A It depends on the time frame. You see, before I became National Security Advisor my position was that we shouldn't make a distinction.

Q You wanted to have Congress vote it up or down.

A That's exactly right, and that's what we did in 1986. I wouldn't compromise.

Q But your predecessor did compromise?

A That's correct.

Q And you thought it was a mistake?

A I thought it was a mistake.

Q But you understood that at the very least he and some of the others in the White House thought that Congress might be more receptive to something which was called humanitarian aid than something which said it was going to be for arms and munitions, right?

A That was a generally-held view.

Q And you concluded when you became National Security Advisor that this can't limp along like this?

A That's correct.

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Q And let's put Congress to the test?

A That's exactly right.

Q And they will either vote it up or down?

A That's right.

Q And that was a change in philosophy?

A That's correct.

MR. LEON: Arthur, before you move on, can I just ask a question?

MR. LIMAN: You can ask. Incidentally, as I cover these subjects I have no problem with you breaking in.

MR. LEON: I've been trying to keep mine down a little bit.

EXAMINATION ON BEHALF OF THE HOUSE SELECT COMMITTEE

BY MR. LEON:

Q I wanted to ask you who this fellow Godfrey Sterling was you were having breakfast with.

A He's a journalist, Christian Science Monitor, I believe.

MR. LIMAN: You saw journalists, Admiral Poindexter?

THE WITNESS: Not if I could avoid it.

BY MR. LEON: (Resuming)

Q This was a meeting with the President, the breakfast the President was having with Godfrey Sperling

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that you were briefing him beforehand for. And these points on your notes say "discuss Sperling breakfast, private aid to contras."

Let me show you --

A I'm not quite sure. I think what this means is that Bud had a Sperling breakfast.

Q Let me help you out here, Admiral. I'll hand you, Admiral, a copy of your appointments calendar for that time frame. I've only got one copy. But you will note on it that you have a notation "President, Godfrey Sperling breakfast at the residence", and beforehand, from 8:30 to 9:00 the "Presidential briefing for Sperling" -- there is a misspelling, but "Sperling breakfast, residence library".

Now looking at the notes that are now Exhibit 31 and comparing it to the appointment schedule, it would appear that you are making a note reference there to a briefing that was given by you --

A No.

Q Or by Bud McFarlane.

A By Bud.

Q To the President in anticipation of a breakfast the President was to have that morning.

MR. BECKLER: Let's try to make this clear. The notes in this Exhibit 31, these are notes that you

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took during the course of the meeting with the President?

THE WITNESS: That would be my guess.

MR. BECKLER: Bud was doing the talking and you were jotting down notes about what he was saying; is that correct?

THE WITNESS: That's correct.

BY MR. LEON: (Resuming)

Q Does it jog your recollection?

A Because the way -- although I can't tell because of the way this is copied, I would assume because of the indentations that what Bud covered there was what he was recommending the President say at the Sperling breakfast if he was asked. That would be my assumption.

Q Did either you or Bud attend that breakfast?

A I most probably did not. Bud probably did.

There's another peculiar thing here. There is a time disconnect. That schedule shows the breakfast from 9:00 to 10:00 and my note says 9:30. I can't explain that.

Q Do you recall that the breakfast did take place?

A I don't recall the breakfast. I'm certain it did.

Q And do you know why the President was meeting with Godfrey Sperling?

A Yeah. Godfrey Sperling is a journalist. I believe he's on the staff of the Christian Science Monitor, and he has a tradition of having a breakfast. I think they have it once a week in which he invites a bunch of other journalists. It's got a pretty good reputation in that there are thoughtful journalists attending it. And I guess at that time, in March of '85, Pat Buchanan, whoever was the communications officer -- I guess it would have been Pat -- had no doubt convinced, had recommended and the President agreed, to have -- invite Sperling to have his breakfast over in the residence.

I recall attending one of those, but as National Security Advisor in 1986 with the President, so it was not a particularly unusual event. It didn't happen very often, though.

Q Now this was in March of '85 and [redacted] visit had been a month before that, in February of '85.

A If you say so. I can't remember.

MR. LIMAN: Yes.

BY MR. LEON: (Resuming)

Q And I believe Mr. McFarlane's testimony was that it was at some point in that area of time, in the spring of '85, that he presented the card to the President indicating the new gift, the renewed gifts.

MR. LIMAN: No. He said, as I recall it, that he presented, I think, the first [redacted] the first [redacted] thing in '84.

BY MR. LEON: (Resuming)

Q This would have been the renewed. It was upon the occasion of [redacted] visit.

MR. LIMAN: Which would have been early February.

BY MR. LEON: (Resuming)

Q That there was, or shortly thereafter there was a renewed gift with another amount. What I'm trying to see if I can help you recall is do you know whether or not at the time this breakfast took place the President had been made aware that [redacted] had decided to renew his gift in a larger amount?

A I don't know, other than what I've read or seen during my preparations. Apparently the President recalls [redacted] discussing it with him at his breakfast.

BY MR. LIMAN: (Resuming)

Q Did you know that at the time?

A I didn't recall that.

Q Did the President ever tell you that when he finished the breakfast that [redacted] had made this offer?

A He may have, but I just simply don't recall

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it. Again, I know this is a big issue for you all.

MR. BECKLER: Don't worry about it. Just answer the questions.

BY MR. LEON: (Resuming)

Q I guess what I'm getting at here was Bud McFarlane suggesting to the President that if the issue came up the President should tell the reporter Sperling that third country assistance was something that was part of the President's hoped-for plan to aid the contras?

A It seems unusual, doesn't it?

Q Let me get an answer to that question and then, Arthur, you can ask him whatever you want.

A I don't remember this meeting. These are obviously my notes. Again, my notes were not intended as a kind of record. They were short-term reminders, so I can't be sure what context it was covering.

BY MR. LIMAN: (Resuming)

Q Actually I think I can show you other documents that show that this was a legislative package, legislative options that were being presented at that time. There are documents in our record now. And as you know if you look at this, that Congress passed a provision that authorized the State Department to seek third country assistance for humanitarian purposes, non-lethal aid, intelligence restrictions were reduced, and

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there was non-lethal aid appropriated to the extent of $27 million.

So much of what is described there ultimately was adopted within the next nine months.

BY MR. LEON: (Resuming)

Q My question, Admiral, is because the calendar indicates that the breakfast was scheduled from 9:00 to 10:00 and because your notes indicate that you made the notes at 9:30. Could this have been your notes after the breakfast had taken place in which you are noting down what had been discussed during the breakfast between the President and the reporters?

A That's possible.

MR. BECKLER: How would you know from that information?

THE WITNESS: May I see the schedule again, please?

BY MR. LEON: (Resuming)

Q Yes, of course. The breakfast is scheduled from 9:00 to 10:00 that morning, but it might have broken up early at 9:30.

A Yes. You see, I think that the way you have described it is fairly accurate because the national security briefing was held after the Sperling breakfast that morning and the mistake that I made is I wrote,

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because the routine time was 9:30, I just didn't recognize that we were running at 10:30, an hour behind.

So this is probably a discussion with the President after the Sperling breakfast.

Q About things that came up during the breakfast, if you recall?

A I simply don't recall. What would conceivably point to that direction is the way it's indented under the one topic discussed, Sperling breakfast, but I can't be sure.

BY MR. LIMAN: (Resuming)

Q Admiral Poindexter, before we break for lunch I'd like to go over just two other documents. I'll mark as the next exhibit a May 15, 1986, memorandum by you for a meeting with the NSPG.

(The document referred to was marked Poindexter Exhibit Number 32 for identification.)

Would you look at this and tell me whether or not you wrote this document?

(Pause.)

MR. BECKLER: Just to clarify the record, I think you said it was a memo from Poindexter, but we ought to note it was prepared by --

MR. LIMAN: It says it was prepared by --

MR. BECKLER: Prepared by North and Burghardt.

BY MR. LIMAN: (Resuming)

Q This is a memorandum you sent to the President; am I correct?

A That's correct.

Q And when you sent something to the President others on your staff may prepare it, correct?

A That's correct.

Q But you're not shy about making any changes if it's appropriate?

A That's correct. It's my memo, but I didn't prepare the draft.

Q On that subject, you found that Oliver North was a good draftsman?

A Very good.

Q Now in this memorandum, right at the beginning, you describe the resistance itself as increasingly desperate as available supplies are depleted.

A Um-hum.

Q Is that a fair description of what you understood the circumstances of the resistance were by May of 1986?

A It is a fair description.

Q And apart from this written communication to

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the President had you briefed him on the fact of your concerns that the resistance was running out of supplies?

A I may have, but I simply don't recall it.

Q Would it have been your practice, sir, given the condition in which you found the resistance to have brought that to the attention of the President?

A Yes. And, you know, I very likely did. But again I don't have a recollection of a specific, and I want to be very careful here, you know. There's a lot at stake.

Q You do not want to attribute -- when you say there's a lot at stake, you do not want to attribute knowledge to the President unless you are certain of it?

A That is correct.

MR. BECKLER: Just to clarify for the record, I'm sorry -- how do we know this memo went to the President? I mean, I'm just not familiar with the format here. It's a memo for the National Security Planning Group, the NSPG. Now do we assume that the President was there or saw this?

MR. LIMAN: I'm going to show him the minutes.

BY MR. LIMAN: (Resuming)

Q You remember that the President was at this meeting and took a lively role, do you not, Admiral?

A I have a vague recollection of the meeting.

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MR. LEON: Do you know if the President ever got the memo?

THE WITNESS: I would be surprised if he didn't.

BY MR. LIMAN: (Resuming)

Q Let's clarify some things about the President. I mean, the Tower report portrayed him as if he only read comic books, and that's not your observation of this President, is it?

A Oh, not at all. The President would read everything that we provided him. In fact, we had to be careful. I felt that we had to be careful not to overburden him with large documents because he would try to read the whole thing.

Q Now as I look at this memorandum prepared by North and sent to the President you presented various options for trying to provide some relief to the resistance, if you look at page two, right?

A Right.

Q And you described it as, given the urgency of the situation; correct?

A That's correct.

Q And one was a reprogramming which would require Congressional approval, correct?

A Correct.

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Q Another was a Presidential appeal for private donations.

A Correct.

Q And then a third was for the President himself to make an overture to certain heads of state to provide bridge financing, correct?

A Correct.

Q And there you discussed in the memorandum the liabilities of the last step, right?

A That's correct.

Q And they were that the public exposure would exacerbate the current partisan atmosphere; correct?

A Correct.

Q And what did you mean by that?

A Just what I have said before, that our opponents on the Hill would not like it and that they would try to take some steps to preclude it from happening.

Q And the second was that the foreign contributors would ultimately expect that their largess would result in some kind of U.S. Government concession in their favor, and that you've discussed before, that when you ask people for money they may expect that when they come around to ask for something that you'll have t reciprocate, right?

A That's generally true.

Q You talked about [redacted]

A That's right. But Israel falls in a different category than [redacted] cooperation with us on this project [redacted] falls in an entirely different category.

Q In that [redacted] --

A They don't need the money.

Q They don't need money and they don't need weapons and they don't need U.S. Government support?

A No. The difference is that they don't need U.S. financial assistance, whereas the Israelis do, and it was my assessment that the reasons that [redacted] helped was an entirely different reason.

Q Well, putting aside what their motives were in helping, did McFarlane ever tell you that in 1985 Oliver North had asked him to go back to [redacted] for more money?

A I said that before.

Q And McFarlane didn't want to go back to them for more money; correct?

A That's correct. I think that the reason for that, though, was slightly different than maybe you are imagining.

Q Well, I'm not imagining it. I know what McFarlane said. But did you have a discussion with him on why he didn't want to go back to [redacted] for more money?

A I vaguely have a recollection of that.

Q What is the vague recollection?

A The vague recollection was that when the issue of [redacted] contributing to the support of the democratic resistance first arose at some point -- and again I'm fuzzy on the time frame -- my recollection is that Mr. McFarlane asked Colonel North to prepare an estimate as to how much money he thought it would take for the democratic resistance to get into a commanding position in about a year.

And my recollection is that Colonel North responded that it would take about $25 million. Now that was way underestimated, in hindsight, and my recollection is that when Mr. McFarlane had the discussions with the [redacted] and again I was not a participate in this -- but my understanding of the conversation was when they got around to talking about amounts of money that Mr. McFarlane had indicated to [redacted] that we thought it would take about $25 million.

And my impression of his reluctance to go back to [redacted] was related to the fact that he didn't want

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to go back and indicate that we had way underestimated what it was going to take.

Q Can you think, Admiral, about any situation in your experience where the United States Government didn't incur some overrun?

A Yes. The Navy's been doing a pretty good job of building ships recently.

Q Well, it's not exactly the ultimate --

MR. BECKLER: I ate breakfast at 5:30 in the morning.

MR. LIMAN: I want to show him the minutes of the meeting and then that's the last subject before lunch.

(The document referred to was marked Poindexter Exhibit Number 33 for identification.)

MR. LIMAN: What I'll do is rather than have you read all of this before lunch, why don't you come back five minutes early and read it?

MR. BECKLER: Sounds good.

(Whereupon, at 12:45 p.m., the taking of the instant deposition recessed, to reconvene at 1:45 p.m., the same day.)

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AFTERNOON SESSION

(2:09 p.m.)

Whereupon,

JOHN M. POINDEXTER,

the witness herein, having been previously duly sworn, was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

BY MR. LIMAN:

Q You recall this meeting, I take it?

A I have a vague recollection of it.

Q And even if you don't remember the words of Director Casey where he says that the ammunition will soon run out and so on, you do remember the tone of desperation in terms of the contras; am I correct?

A Yes. As I've testified before, my impression was at that time in 1986 we knew the contras were going to be in difficulty before we were going to be able to get the $100 million.

Q And then you and the others reviewed the various options for bridge financing; am I correct?

A That's correct.

Q And if you look at the bottom of page nine, it is Secretary Shultz who, in reference to reprogramming, says that "the suggestion is to go to the Committees and persuade them to reprogram some money from defense for non-military aid to the contras. Personally, I think it's breathtaking in improbability. It would be better to go to other countries."

Do you remember him in substance saying that you were not going to get reprogramming?

A I don't remember hearing him say that, but that is consistent with my understanding of what his view was.

Q And in the end, if you look at your summary, you say that "George will prepare for the President a list of countries which could be approached." That's the sentence I'm focusing on.

A Right.

Q Now was such a list approached?

A I don't recall. My recollection, which I think I covered on the second of May, was that I have a vague recollection of Secretary Shultz discussing verbally with the President the question of third country support in one of his weekly meetings, which would be the three of us -- the President, Secretary Shultz and me.

Q In the end you testified that you considered a group of countries that you mentioned at the last session and that ultimately Brunei was selected; correct?

A Yes. Brunei was -- I can't recall that that was a Presidential decision.

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Q Well, that's the question I was going to put. Was it a Presidential decision?

A I don't believe so. That would have been, you know, a tactical matter that really was in Secretary Shultz' bailiwick to decide at that point, and I agreed with Brunei. So once a decision was made to go ahead to third countries I would only have reraised it with the President if I had disagreed with it.

Q Was the President ever told while you were National Security Advisor that Brunei had been approached and had agreed to contribute?

A I don't recall that.

Q When you say you don't recall that, does that mean you don't recall whether he was told or that, to the best of your recollection, he was not told?

A I was aware that Secretary Shultz was going to approach Brunei and I thought it was going to happen on his trip to Southeast Asia, which was the original plan. I don't recall ever knowing myself that Brunei had agreed and had contributed, so I'm almost certain the President -- that I did not tell him, because I don't recall being aware of that, and possibly not even until after I left the White House.

Q Let me ask you something about an exhibit you produced last time, which was this memo which was marked as Exhibit 8, which was from you to Mr. McFarlane, and I direct your attention to the page which has the Bates mark 00048, and it says: Central America.

MR. BECKLER: Do you have another copy of it?

MR. LIMAN: Yes. I can read it. It's only one sentence.

BY MR. LIMAN: (Resuming)

Q [redacted]

Q I take it that this was a personal memorandum to Bud?

A That's correct.

Q And it was not one that you shared with the President of the United States?

A That's correct.

Q Or with anyone else?

A That's correct.

Q Now last time, to start finishing up on the contra aspect for the moment, last time you described Oliver North's role in the support of the contras during the Boland period. Do you remember giving a description?

A Vaguely. I'd have to go back and reread it again.

MR. BECKLER: Do we have a copy of the testimony here?

MR. LIMAN: Don't you have one here?

MR. BECKLER: No. We gave it back. Who was the fellow who came and got it? Maybe we ought to get it to take a look at it.

MR. LIMAN: You can look at mine.

BY MR. LIMAN: (Resuming)

Q But you described him at page 60 where you said that the contras didn't have any sort of logistics organization of their own and Colonel North had to figure out a way to privately arrange a logistics organization. And a little further on you described him essentially as the switching point that made the whole system work.

Do you recall that?

A Yes, I recall that.

MR. LEON: What page is that, Arthur?

MR. LIMAN: That's page 60 and 63.

BY MR. LIMAN: (Resuming)

Q Did you ever describe to the President of the United States what Colonel North was actually doing?

A I don't recall discussing that with him at any level of detail.

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Q Or were you present when Colonel North's role was described?

A I don't recall that.

Q You said that he was the action officer on Central America and that was something which the President had been told, I assume, or knew.

A Yes. The President knew that Colonel North was the action officer on Central America.

Q But did he know, so far as you can say, that North was filling this vacuum that had been left by the CIA dropping out?

A Well, I don't think -- you see, in the President's mind he wouldn't know the details of what CIA was doing, what Defense was doing, what State was doing, and what we were doing. He knew the job was getting done. The exact way we were getting it done was something that would not have been particularly relevant to him.

Q Is it fair to say that because of the Congressional restrictions that the NSC ended up with an operational role that was not normally the role of the NSC? Is that fair?

A Well, I think it's a mistake to say that the NSC doesn't have an operational role. It is not an organization that sits in an ivory tower and thinks grand

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thoughts. I don't think it's ever been that way, not in this Administration or in any Administration, and their operational involvement is always a function of the circumstances.

From an operational standpoint, I think it would be fair to say that on Central America we were more operational than in other areas, but that was not the only operational area we were involved with. We were heavily involved in Libya.

Q Were you more operational than you had been when the CIA was free to handle the contras?

A I think that would be fair to say.

Q Did you or anyone in your presence describe to the President of the United States that the NSC had picked up some of the CIA's responsibilities?

A Again, I just can't recall a specific incident. No doubt Mr. McFarlane in 1984 or '85 did cover that at some point, but I simply can't recall it.

Q You can't recall it. What I'm getting at is did anyone sit around the table with him when you were there and say, look, we have a problem. The CIA has been handling the supplying of the contras. They supply them with munitions. They give them training. They give them direction. Now under Boland they can't do any of that and we at the NSC are going to have to pick up that task.

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Did someone say anything like that in substance in your presence to the President?

A As I have said, I can't recall it. I think it's important to add, though, that I don't think that it's accurate to say that we picked up all.

Q I didn't say all.

A Because clearly we couldn't have as many people in country, obviously.

Q You did pick up some of what they were doing.

A Some. And primarily, frankly, the part that we picked up was the direct contact with the contra leadership. By and large, I mean, if you look at the while scheme of things, that was the biggest aspect.

Q Well, let's talk about some of these other things and let me see what you knew about it. There was testimony by General Secord of a meeting in July 1985 with North and Calero, after which General Secord said he was asked by North to take over the logistics operation for the contras. Did North ever tell you that?

A He did at some point. I can't place the time frame. But I realized, based on reports from Colonel North, that he was a little concerned about the way the contras were handling funds and the wiseness of some of their decisions.

Q Did he mention any?

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A I can't recall anything specific. The thing, I guess, that stands out the biggest was that there was still a lot of internal disagreement with the contra leadership amongst themselves and Colonel North worked very hard to bring them around to a consolidated viewpoint.

Q Did he tell you that as a result of his concern about how the contras were husbanding their money that he had asked Secord to step in?

A As I said, at some point -- and I assume it was '85 but I can't really place it in a time frame connected with any other event -- I was aware that Dick Secord was going to essentially set up and run a private logistics organization.

Q And did you realize that money that was being raised for the contras by North or with his assistance would then be channeled to Secord's organization?

A I don't think I really understood that. It would not have been surprising or inconsistent, but, you know, trying to recall that time period I don't think that was absolutely clear.

Q For example, Admiral, you testified last time that --

A See, I never really got involved much in the details of the financing or how the money was moving.

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Q Well, you testified last time that when the Secretary of State was to approach Brunei Abrams had a discussion with you as to how the money should be channeled.

A That's my recollection.

Q And you told him to speak to North?

A That's my recollection.

Q Did you have an understanding as to whether North was going to have them send the money to Calero or to this private network headed by Secord?

A I don't think I really made that kind of distinction.

Q Did you ever tell the President of the United States that Secord, at the request of North, had undertaken this logistics operation for the contras?

A As I think I testified on the second of May, I can recall at one point a specific conversation with the President in which I told him that Dick Secord was a great patriot and had been very helpful. I can't recall whether when I said that that it was in both the context of contra support and Iran or whether it was just Iran.

But again that would have been a level of detail that I really wouldn't have bothered the President with.

Q But there had to be some context to even that

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remark to the President. I mean, you wouldn't just say to the President X is a patriot.

A But, see, what I can't remember, Mr. Liman, is whether that was in the context of briefing him on contras or on Iran. I just don't remember.

Q You just don't recall.

You testified last time about what the term Project Democracy meant to you as used by Colonel North, correct?

A Correct.

Q Did you ever use that term with the President of the United States?

A No, because it wasn't my term. When I would read reports from Colonel North that referenced that I always translated it into the private network.

Q Did you ever brief the President on the private network?

A Not specifically, other than just the general subject of private support and third country support. But I would not have characterized it, probably, as a network.

Q And when you briefed him on private support and third country support is there anything that you recall other than what you've testified on that subject?

A The only way -- I [illegible] can't recall again

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specific conversations, but my general approach would have been to talk to him at the level of detail of saying that there was private support and third country support and, you know, conceivably at some point in '86 I may have told him that, you know, the support was running out and clearly we discussed it in that NSPG meeting.

But I just simply wouldn't have gotten into that level of detail with him

Q But as I understand it, when you say you wouldn't have gotten into that level of detail you have no recollection of ever saying to the President, when you talked about third country support or private support, the name of any country that was giving support?

A That's correct.

Q And did you ever tell the President that any of this support was solicited by a member of the government as opposed to just being volunteered?

A No, because, again going back to the beginning, on [redacted] support, which was the first support, I was told by Mr. McFarlane that he had informed the President about that, so I was always operating under the assumption the President was aware of that and I don't --

Q We don't have to repeat that testimony unless you have something additional.

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A I lost my train of thought.

Q I could tell you what you were saying. I asked you whether getting into that level of detail meant that you had ever told him the name of a country and you said that Mr. McFarlane told you that he had told the President about that first [redacted] contribution and therefore you operated on the assumption that the President knew. That's what I thought you were saying.

A That's correct.

Q If it comes to you, would you make sure to stop me?

A I'll come back.

MR. LEON: In that vein, Arthur, could I ask one question?

BY MR. LEON: (Resuming)

Q Admiral, one question in that regard. Did you have any knowledge of any U.S. Government official soliciting funds?

A Thank you.

Q Soliciting funds for the contras other than what you've testified to about Robert McFarlane going to a third country? Other than that do you have any knowledge of any U.S. Government official, Oliver North specifically, as well as others?

BY MR. LIMAN: (Resuming)

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Q And other than what happened in 1986 with Brunei?

A I do not, and that was the point I was going to make a moment ago, was that it would not be fair to indicate that I knew that anybody solicited money. In fact, even in [redacted] business I'm not sure how the conversation went.

Q Admiral, I don't want to get into having you characterize a conversation that you weren't at, and that's what you don't want to do.

A That's what I don't want to do.

Q You've already testified to your understanding of the way in which the private fundraising took place, where North would talk about the needs of the contras and then would leave the platform and they would go across the street to see Channell, and there was some care taken that North would not do something that might be overt solicitation. Is that fair?

A That's correct.

Q And why was that, if it was perfectly okay to solicit money?

A May I?

(Pause.)

The point that I want to make here is that my understanding of Mr. McFarlane's concerns about solicitation are not related to the Boland Amendment but they are related to other legislation that puts restrictions on government officials soliciting. Now I don't know exactly what that law is, but that was always my understanding about why he was so sensitive about Ollie not soliciting.

There is other legislation, and my attorneys have --

MR. BECKLER: We're not going to take the stand.

BY MR. LIMAN: (Resuming)

Q I don't want to get into that. But were you aware, Admiral, that the CIA had taken the position that under the Boland Amendment they were not going to permit any of their officials to do solicitation of money?

A I was aware of that.

Q And whether or not a court will ultimately conclude that it does or doesn't ban solicitation, you were aware that there was a concern that Congress might feel that this was an end run around the law? That would be fair, wouldn't it?

A The way I would prefer to describe my concern was that if Congress was aware that countries had contributed, whether we solicited or didn't solicit, that they would then take it out on those countries in the foreign assistance appropriation.

Q Well, was there some concern on your part also that if Congress learned that the Administration felt free to solicit that it might draw even more restrictive legislation?

A That was a possibility. The other possibility was that it might lessen the pressure on the whole system for us to get back into the funding operation, which to me was important, that we ought to be back in there.

Q Now, Admiral, did North ever tell you that he had discussions with Ambassador Tambs before Tambs took up his post in Costa Rica?

A I can't recall specifically that he told me that. I probably, you know, was aware in general. It was pretty much routine for new Ambassadors going out to most areas of the world would pay a call on the responsible officer on the NSC staff, and that's not just true with Central America but it's true in other places in the world.

Q Did you know Tambs?

A Yes. Ambassador Tambs, as he testified, was on the NSC staff for a period of time before he was confirmed.

Q Did North ever tell you that he had asked Ambassador Tambs to open up a southern front in

Nicaragua?

A By my recollection that's a little too explicit. I knew that Ambassador Tambs was working in order to make the southern front more viable, [redacted] But I don't think I ever put it in my mind or heard it described before these hearings in the terms of opening a southern front. I'm not saying that's not inconsistent, but I just didn't hear it in those terms.

Q How did you hear that? From whom?

A Well, for example, as I recall we discussed that briefly when I was down in San Jose in December of '85.

Q Did you ever discuss it with North other than during your trip to Central America?

A I may have. I don't have a recollection.

Q Did you know that North had given out these KL-43s to a whole group of people operating in Central America?

A I knew that after the fact.

Q What does "after the fact" mean?

A After they had been distributed. I had no problem with it. In fact, as I testified on the second of May, we were concerned [redacted]

[redacted]

Q Well, when you look at the whole picture of what North was doing I don't know whether you heard Owen's testimony, but Owen is a friend of North, no reason for him to embroider. Secord gave testimony. He's also a friend of North, and he testified about what North was doing in the way of directing or supervising or guiding this operation.

Is there anything that you've heard in the testimony that we've taken up to now that North was doing in terms of the contras that surprised you? Well, I'll make it even easier. Start with shocking you.

MR. BECKLER: Can I answer that?

MR. LIMAN: I'd like him to answer that because there are others in the Administration, including the President, who say I didn't know that he was doing this, and I want to know whether the Admiral was surprised by anything he's heard.

MR. BECKLER: First of all, I'd like to object on relevant to that. The Admiral's -- after the public hearings -- attitude about what he heard, about how he feels about it now is totally irrelevant to any legitimate inquiry the Senate is involved.

MR. LIMAN: I can take him through every fact that has been testified to about what North was doing and ask him did you know this.

MR. BECKLER: Well, do it, then. But to ask him what he's shocked about --

BY MR. LIMAN: (Resuming)

Q Admiral, did you know he was using a man by the name of Owens as a courier?

A I knew that.

Q Did you approve of it?

A In essence I did.

Q Did you know that he was disbursing cash to the contra leaders?

A It would depend on the time frame. As I've testified on the second of May, I realized, he informed me at one point that he had cash. I told him either in that conversation or one shortly thereafter that I didn't think that was a good idea, there were perception problems involved with handling cash and that he should make arrangements some other way.

So if it was during that time period I would have known it.

Q Did you know that that cash that he had was being used for contra leaders?

A I don't think I specifically knew that. My understanding was it was being used for contra expenses and to the extent that that was a contra expense then yes, I would have known that.

Q Did you know, as testified by General Singlaub, that North actually approved weapons purchases for the contras?

A I was aware that he was working with the contra leadership and with Secord on what weapons they needed. I'm not sure -- I would not characterize what I knew about it as knowing he made the decision, but that--

Q Did you know the he was making decisions as to where contributions should be sent for the contras?

A Well, in effect I knew that, and that's why when Secretary Abrams called me I told him to talk to Colonel North.

Q And did you authorize him to do the things that I have just reviewed with you except for the keeping of the cash?

A Again, depending on time frame, when I was Deputy that would not have been my role to approve that or disapprove it, because Mr. McFarlane was following that more closely than I. I was aware of it. I agreed with it. I didn't have any problem with it. And when I became National Security Advisor I told Colonel North to continue on course.

Q Did you know that he was engaged in making efforts to find out where and how air drops could be made

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to contras within Nicaragua?

A I was aware that he had a role in that. I'm not sure that he was the one that was making the decisions, and I'm still not sure of that point.

Q Well, I didn't quite say that he was making the decisions. Did you know that he was engaged in coordinating that effort?

A As I testified on the second of May, my view of his role was as a switching point in the whole process of supporting the democratic resistance during the period of the Boland Amendment.

Q Did you believe that the contras could have survived without someone playing the role that North was playing?

A I don't believe they could have.

Q Did you ever tell that to the President?

A That is a possibility, but I don't have a specific recollection of it.

Q You know, you used a different word here. Usually you say you don't have a recollection. This time you said that's a possibility.

MR. BECKLER: You finally got a rise out of him.

MR. LIMAN: There's something in the back of this man's mind and I want to know it.

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THE WITNESS: I was very proud and pleased to have an opportunity to work with Colonel North and I felt very strongly about the statement I made that I didn't think that the contras would have survived if it hadn't been for Colonel North, and I very likely would have passed that on to the President. But I don't recall a specific incident of doing it.

BY MR. LIMAN: (Resuming)

Q You talked about the air field [redacted] Did you know that North had had a role in that?

A Yes. I can't say that I knew all of the details of it, but I knew that he and [redacted] and Dick Secord and others had been involved in getting that air field put in and did discuss that with the President.

Q Did you know that he had arranged with Felix Rodriguez to get help from the Central American country where Felix was working?

A Yes. I would not put it, though, so much in terms of Felix Rodriguez, but I was aware that Colonel North had made some arrangements [redacted]

Q And when you say made arrangements, did you know what kind of arrangements he made other than just arrangements?

A My recollection is that Colonel North had direct contact with [redacted]

Q [redacted]

A [redacted] and that frankly was contrary to what I have heard in hearings up here. That I think was more instrumental than anything that Mr. Rodriguez did.

Q How do you know that he had that contact with [redacted]

A Because Colonel North told me that.

Q [redacted] didn't tell you?

A [redacted] didn't tell me, although I have met [redacted]

Q But [redacted] never said that it was North who he was working with?

A No, not that I recall.

Q Did North ever, to your knowledge, promise any of these neighbors of Nicaragua that if they helped the contras the United States would find ways of giving them assistance?

A I don't know of any specific incident like that.

Q Was that a matter of --

A I think that, you know, my general view was that it was in the interest of those countries [redacted]

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[redacted]

Q [redacted]

A [redacted] Of course during my trip through Central America with [redacted] [redacted] in all of those countries I encouraged them to support the contras. [redacted]

Q [redacted]

A No, because --

MR. BECKLER: The answer is no.

THE WITNESS: Okay.

BY MR. LIMAN: (Resuming)

Q Now there's been testimony at the hearings about the RIG. Are you familiar with the RIG on Central America?

A Yes.

Q Would you tell us who were the members of the RIG, as you understood it?

MR. BECKLER: What is a RIG?

MR. LIMAN: Restricted Interagency Group.

THE WITNESS: The RIG was established, by my

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recollection, anyway, sometime probably in '82, and I think it was established by an NSDD.

Q Who were the -- I'm asking you not to tell me what's in a written constitution but, as you understood it, sitting there as National Security Advisor, who did you consider to be the members of the RIG on Central America.

A It, in my mind, consisted of the Assistant Secretary of State for Latin American Affairs as the Chairman, from the NSC staff usually Colonel North -- well, Colonel North and then usually also Ray Burghardt or his predecessor, Constantine Menges, [redacted] and from the CIA it would have been the Director of the Central American Task Force, and I would not necessarily have limited it just to him. There were probably other members of the CIA, some representative from the Under Secretary of Defense's office. My understanding is that was usually Nestor Sanchez. And the Assistant to the Chairman of the JCS.

Q So did you have any understanding that within this RIG there was a --

A No.

Q Super-RIG of North [redacted] and Abrams?

A No.

(A brief recess was taken.)

BY MR. LIMAN: (Resuming)

Q Let's talk about Iran. When did you first learn that the United States was embarked on an initiative with Iran?

A Well, it was sometime in the latter half of '85. I became aware -- based on reports from Mr. McFarlane to me I became aware of the Israeli proposal. So to answer your question I don't remember precisely, but it was sometime between July and November.

Q Was it before the President's operation or after?

A I can't place it.

Q Was it before or after the Israelis shipped the 508 TOWs?

A I think I became aware of it before that, so that would place it sometime before the last of August, I guess.

Q Did Mr. McFarlane tell you that the President had approved it?

A I have a vague recollection of a telephone call that Mr. McFarlane got from the President when the President was at Camp David one weekend and Mr. McFarlane, I believe, reported that conversation to me and I think that's as best I can place it.

Q What was the conversation about?

A That the President agreed that the Israeli proposal should be pursued. You see, my recollection of it is very fuzzy, and my recollection was prompted by, I think, something that Mr. McFarlane said in the hearings. I do recall that the President was at Camp David one weekend and Mr. McFarlane told me about a telephone call that he had gotten from the President and that it was related to the Israeli proposal. That's as best as I can --

Q Admiral, you understood that the Israeli proposal involved sending some TOWs?

A I'm not certain when I became aware of that.

Q When he told you that the Israeli President had given some kind of green light to the Israeli proposal, what was the proposal that he gave his blessing?

A That's what I don't have a good recollection.

MR. BECKLER: Have you got memos?

BY MR. LIMAN: (Resuming)

Q I have something I could show you, but I don't know whether you've seen it and we'll mark it as the next exhibit, a July 13, 1985 document from the White House to the Secretary of State's aircraft, and it's by Mr. McFarlane.

(The document referred to was

marked Poindexter Exhibit
Number 34 for identification.)

Just so that when you read it you'll know the question you're going to be asked in the end, I'm not going to be questioning you about the merits of the contents. It's just whether you've seen this document and does it refresh your recollection that they were talking about 100 TOWs and hostages.

(Pause.)

A I don't think I've seen this before. I may have, but it just doesn't ring any bells.

Q Does it refresh your recollection at all that the proposal that was under consideration involved the transfer of some TOWs by Israel and the expectation that there would be some hostages released?

A The TOWs just don't stand out in my memory. I clearly during this time frame knew the hostages were involved, but I frankly just can't recall TOWs being mentioned. And -- well, go ahead. All I was going to say is that I don't believe it was until sometime, it may even have been as late as the meeting with Nir on the second of January, that I realized that we had a commitment to sell the Israelis the 508 TOWs.

That's what makes me a little skeptical exactly when I knew that TOWs were involved.

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Q Did you know in September of 1985 that the Israelis had shipped TOWs?

A I think at some point after the hostage -- the first one was Weir. After Weir was released I think my recollection is that I was aware that TOWs had been shipped.

Q Did Bud McFarlane tell you that there was a linkage between the release of Weir and the Israeli shipment of TOWs?

A Yes. I've got a vague recollection of that.

Q And is what you don't have a clear recollection of that the United States had committed to replenish those TOWs?

A That's correct. I don't think that that was clear to me until sometime later and maybe even as late as the January meeting with Nir.

Q You were not present at the briefing of the President in the hospital?

A No.

Q Or the meeting in August of 1985 in the residence at which this was discussed with the Secretary of State and Secretary of Defense?

A That's correct.

Q Did McFarlane --

A Let me be careful here. What I missed was an

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NSPG meeting that was in August, the first week in August. I'm not sure where that meeting was.

Q Well, there was a meeting in the residence as the President was recuperating.

A Okay. I was not present for that.

Q Were you present at any meeting at that time in which they were discussing Israeli shipment of TOWs?

A Probably during that time period that would have been discussed at 9:30, but I don't have a recollection of it.

Q The authorization of shipment of missiles to Iran would have been contrary to United States policy at that time, would it not have been?

A It would have been, on the face of it, contrary to our stated objective, that's correct.

Q Did we have --

A I would like to get more into that at some point.

Q Maybe we can go into it now. We did have a program called Operation Staunch, didn't we?

A That's correct.

Q And that was a program that was designed to discourage our allies from selling weapons to Iran; am I correct?

A That's correct.

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Q And is it also fair to say that after a period of very cold relations with Iraq that you were aware that the State Department had been trying to develop some relationship with Iraq?

A At this point let me -- the policy objective here was to end the Iran-Iraq war with no winners and no losers. We didn't want Iran to be the victor; on the other hand, we didn't want Iraq to be the victor. Our official position, public position, was one of neutrality. [redacted] The reason that we pushed our allies not to ship arms had as its policy objective an end to the war. The efforts to staunch the flow of arms was a method to achieve an end, which was the policy objective.

Q Well, I understand that. But the shipment of missiles to Iran was a deviation from this policy.

A From our stated position with regard to shipment of arms to Iran, that's correct. It wasn't necessarily inconsistent with our policy objective, though.

Q It would not be inconsistent with our policy objective if it would have the effect of shortening the war as opposed to prolonging it, right?

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A It wouldn't be inconsistent if eventually it brought an end to the war, not with Iran winning but, in other words, our objective was to have some influence on the Iranian government.

Q But we had up until then not authorized any one of our allies to ship arms to Iran, correct?

A That is correct.

Q Can you explain to me why if you had been told at that time that we were authorizing shipment of arms to Iran it wouldn't have left some imprint on your memory?

A Well, I'm not sure I can answer that.

MR. BECKLER: He's testified that he remembered that there were TOW missiles shipped. It wasn't like he never remembered it. Your question is when did he remember it.

BY MR. LIMAN: (Resuming)

Q The issue is whether he knew that we had --

A We had considered even before, as the record indicates, before the Israelis came in with their proposal, we had considered internally on the NSC staff the wisdom of limited arms sales to Iran.

Q That was part of that NSDD process?

A That's correct.

Q Were you involved in that process?

A As a reviewer and recommender to Mr.

McFarlane. I didn't actually participate in the drafting of it.

Q Were you aware of the reaction of the Secretary of Defense and the Secretary of State?

A Generally.

Q And that they were opposed to shipping arms?

A Yes, for different reasons.

Q But they came out with the same bottom line?

A Yes.

Q What was your position as a recommender to McFarlane?

A I can't recall. You mean whether I thought the shipment of a limited amount of arms was appropriate?

Q Right.

A I was in favor of that.

Q Had you dealt with Graham Fuller on this at the Agency?

A No, I didn't deal with him; the staff did.

Q So you just don't have a recollection of whether you were told at that time, in the fall of 1985, that we had committed to replenish the Israeli TOWs?

A As I have said all along, that time period of July, August, September, October and November is very fuzzy in my mind because I was not fully involved and fully informed.

MR. BECKLER: In that issue.

THE WITNESS: In that issue. And what I was aware of I supported and usually, when I don't have the direct responsibility for something, I just don't -- if I agree with it and I assume that somebody is handling it and is handling it properly, I just don't get heavily involved in it.

BY MR. LIMAN: (Resuming)

Q Well, was the President briefed in your presence prior to November 1985 on the fact that Weir came out because Israel shipped arms?

A He probably was, but I don't have a recollection.

Q Do you recall any discussion of what the next step would be in the initiative after Weir came out?

A I don't recall that.

Q You do recall, because we went over it last time, that when McFarlane went over to the summit in Geneva you got pulled into that HAWK shipment?

A That's correct, from the standpoint that Commander Thompson called me and said that Mr. McFarlane had called Colonel North to ask him to work on an Israeli aircraft problem.

Q And we looked over some PROF notes that you received at that time. Were you told in November of '85 before McFarlane went to Geneva that he had been visited by Rabin?

A That Mr. McFarlane was visited by Rabin?

Q Yes, just before he left for Geneva.

A I don't remember that.

Q Do you recall --

A I could have been, but I just don't remember.

Q Do you recall that even before McFarlane went to Geneva there was discussion about the fact that the Israelis would be shipping some HAWKs to Iran and that we would be getting hostage back?

A I can't recall that.

Q Do you recall speaking to either Colin Powell or to the Secretary of Defense to task them to locate HAWKs to replace the Israeli HAWKs?

A I remember at least one or maybe more conversations with Colin Powell on that subject. I don't remember the time frame.

Q What are the discussions that you remember with Colin?

A Asking him about availability.

Q Availability of HAWKs?

A HAWKs. I think probably -- I can't recall.

Q Does the number 500 HAWKs stand out in your mind?

A No, it doesn't stand out. May have discussed cost with him, although I frankly doubt it. It was more availability and timing because I guess my concerns would have been whether they had to be taken out of stock and what impact that would have on military readiness and so forth.

Q Who asked you to make these inquires of Powell?

A I can't recall. I assume it would be Mr. McFarlane, but I frankly can't recall. I do recall conversations with Powell.

Q Do you recall the converastions with Powell in the context of supplying the HAWKs to Iran or to Israel to replace shipments of HAWKs that they would be making to Iran?

A I may not have explained to General Powell exactly why I wanted to know the information. I don't remember it.

Q But whether you explained it to him or not, you understood what the purpose was?

A I understood that, oh, yes. But I'm not sure I explained that to him.

-- Q Do you recall Powell expressing any objection to you about sending HAWKs to Iran?

A He may very likely have.

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Q Why is that that he may very likely have, Admiral?

A Well, Secretary Weinberger frankly wanted to [redacted] I don't want to indicate that he didn't understand the strategic significance of Iran. I think he clearly does, but he had a pretty strong position in that respect, and so General Powell almost always reflected the Secretary's view very accurately.

Q Admiral, did Colin Powell get legalistic on behalf of the Secretary in saying why you shouldn't ship these?

A I can't recall that. He may have.

Q Did he talk about the Arms Export Control Act?

A It's possible, but I don't remember it.

Q Admiral, I want to ask you if at any time between November of '85 until you left your position as National Security Advisor did anyone say to you, you know, this shipment that took place in November of '85 is the one shipment that has created a problem for us under the law?

A The only thing that I can recall -- let's see. I'm trying to think.

(Pause.)

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The person that said something like that -- and I can't recall the exact comment -- but Ed Meese said something like that in a meeting, and I rather suspect it was the meeting that I had with Ed Meese and Bill Casey on Thursday, the 20th, as near as I can place it. I'm sure that Ed was the one that made a point similar to that, and I was just trying to place the occasion. I think it was the meeting on the 20th.

MR. BECKLER: That's the 20th of November 1986?

THE WITNESS: Twentieth of November, 1986.

BY MR. LIMAN: (Resuming)

Q Do you remember anything more of what he said on that subject?

A Well, the purpose of this meeting was to discuss the briefing, the informal briefing, that I was going to provide to the two intelligence committees in the White House situation room on the following day, and Director Casey was going to come up to the Hill and testify before the two committees, and I had asked both Bill Casey and Ed Meese -- Ed had offered to help earlier in the month.

And as we began to report to Congress Ed's offer to help was mainly associated with the question of the President's authority under the timely notice

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provision. So the discussion -- that meeting was set up to discuss the briefings and hearings the following day, and by that time we were aware that Mr. McFarlane's recollection of what happened in November was different from what Secretary Shultz recalled.

And that was a problem for us because none of the rest of us knew or could recall the origins of the November shipment, and the question hinged on whether the President had approved it before or after, and because we were uncertain of that fact in that meeting we agreed that the following day we would simply say that there had been a shipment in November of '85 by the Israelis but we were still looking into the details of it and we'd be back to the Committees after we had the details.

And sometime in that conversation Ed said that on both the September shipment of TOWs and the November shipment of HAWKs, that -- I don't want to put words in his mouth, but it was something along the line that it would make a difference whether the President approved it ahead of time or afterwards, or words to that effect.

Q Did Powell ever say to you during this period when you were talking to him about the HAWKs that you would have to give notice to Congress under the Arms Export Control Act?

A You're talking about what time frame now?

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Q Well, I believe your conversations with Powell were in November of '85.

A I can't recall that. He may have said that but I just don't recall it. At some later point, but I think this was in '86, that issue came up again, and he eventually sent me a memo, as I recall, that had been sent to him by an Army logistics agency. And I'm a little confused about my recollection of that and the conversations in November.

Q If you look at Exhibit 1, which is the notes that you produced last time, on November 25, 1985, you have "hostages", and then "one to Tehran, 22", and then an arrow pointing to two. What does that all mean?

A I don't know what that means. Obviously when I was going through that earlier I tried to recall what that means.

Q What do you use an arrow for?

(Pause.)

A My speculation is, and I can't be sure, is that it probably means one shipment to Tehran on the 22nd and you get out two hostages. That's probably what it means, but I'm not certain of that. In fact, that just occurred to me as I was looking at it.

Q And then the next thing just has a box with "hostages", and that means it was discussed?

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A Discussed some aspect of it -- no telling what aspect, though.

Q And then following 12/2/85 you have a note indicating like a checklist, I would call it, "get debrief from Ollie". That's correct?

A Um-hum. I don't know what subject, though.

Q Were you aware that at that point North was in contact with Secord and others on this hostage endeavor?

A I wouldn't call it the hostage endeavor. On the Iranian project.

Q On the Iranian project. The Iranian project had as an ingredient --

A A component.

Q Getting the hostages out.

A That's correct.

Q Now I will show you as an exhibit a memo of December 4, 1985, and I'd like you to look at that.

(The document referred to was marked Poindexter Exhibit Number 35 for identification.)

Would you read this to yourself and we'll go over it?

(Pause.)

Do you remember this message?

A I have a vague recollection of parts of it. I don't remember all of it, but I'm sure I saw it.

Q You knew by the time you received this message who Copp was?

A Yes.

Q And if you look at the message do you remember being told that the shipment of the 18 HAWK missiles went awry because the Iranians were seeking a weapons system that could stop the Soviet reconnaissance flights?

A I have a very strong memory of that point.

Q And do you recall that North communicated to you a new proposal which consisted of the 50 I-HAWKs and the 3,300 TOWs with sequential release of the hostages?

A Yes.

Q And do you recall that the President was briefed on this plan initially on January 5, 1985?

MR. BECKLER: '86?

BY MR. LIMAN: (Resuming)

Q '85. I mean, December 5, 1985.

A I don't have a vivid memory of that. It is possible. What's the date on this?

Q I'm basing this, I will tell you, frankly on the President's own transcriptions of notes which he made available to us.

A His diary?

Q Yes, sir. You have for that date Iran Finding in your diary, your notes, and we've gone over that.

A It was at about that time frame -- see, my recollection of this is a little different from Mr. McFarlane's in that I think that I discussed with the President having the 7 December meeting, and very likely if he recalls that I briefed him on this on the 5th, that's probably the day we set up the meeting for the 7th.

Q He describes it as McFarlane describing the plan. I will tell you that.

A That's strange.

Q But it may be a mistake on his part.

A See, Bud's resignation was announced on the 4th, and I didn't think that Bud went to any more 9:30s after the 4th, but I may be wrong.

Q Well, he may be so used to seeing one National Security Advisor --

A You see one, you've seen them all.

Q I don't think Kissinger would accept that.

(Laughter.)

But, in any event, it was to discuss this plan that you had the meeting on December 7 at the White House; am I correct?

A That's correct. The main purpose of that meeting was to decide, for the President to decide whether Mr. McFarlane should go to London and meet with the Iranian officials or Iranian contacts that the Israelis had.

Q If you look at that PROF note that we've just been examining North was recommending that you proceed with the next step; am I correct?

A He was recommending that.

Q And he also said in this note that if we do not at least make one more try at this point we stand a good chance of condemning some or all to death, and he had other references to the fact that he had gone so far up to then that to call it off could lead to reprisals against the hostages. I'll read one of them.

"We believe that if we stop the current effort at this point and we do not at least proceed with a test of the current relationship that we incur the greater likelihood of reprisals against us for leading them on. These reprisals could take the form of additional hostage seizures, execution of some or all of those now held."

Do you recall that?

A I don't recall that in this specific memo but I recall that that was generally Colonel North's view of one of the dangers that we faced.

Q Now did it occur to you at that point that what you were being told was that if we did not sell arms

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we were going to be in a position of causing the loss of the lives of the hostages? That's what you were being told, right?

A Yes, sir.

Q And in some sense that threat is one that has to create a dilemma for a policymaker, doesn't it?

MR. BECKLER: Do you understand?

BY MR. LIMAN: (Resuming)

Q The dilemma being that once you start on this kind of venture if you ever turn it off you are going to condemn to death the very people you are trying to save.

A That's correct. But that doesn't mean you can't turn it off.

Q Was there any discussion or consideration about the fact that we had become hostage to the very process at this point?

A Well, my thinking was a little bit different than that. My main objective here was to get a strategic opening into Iran. The hostages were important to me just as a human being and they were also important to me becuase they were important to the President.

Q They were important to your boss, the Commander-in-Chief.

A Exactly. But I generally was always willing to take a little harder line [illegible] there was a risk to

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the hostages every day that they were held hostage from lots of reasons. I know this was Colonel North's view, that if we stopped it -- I don't think I had that strong a feeling that that would increase the danger that much more. It was his view that it was.

Q Admiral Poindexter, when McFarlane returned from London he came by and briefed the President and you, didn't he?

A Yes. I invited him to come on, I think it was, the 10th.

Q Monday or Tuesday?

A I think it was Tuesday.

Q And he had just returned from London.

A Right.

Q And McFarlane came with a very negative view of Ghorbanifar; is that fair?

A He did.

Q And felt that he wasn't trustworthy?

A That's correct.

Q But did McFarlane also convey this view that the Iranians and Israelis indicated that if the process stopped the hostages might be killed?

A I don't recall Mr. McFarlane having made that comment.

Q Communicating that comment. I'm not saying that it was something that he was using to advocate.

A No. I think to some extent he and I felt the same. You know, he and I did not have as strong a feeling about that as Colonel North did.

Q I say this because the President's notes clearly indicate -- and I think the Tower report revealed it -- that the President understood he was being told that if he stopped he was endangering the lives of these hostages.

A Because, you know, some people felt that way. Colonel North would be one of those and there may very well have been others that felt the same way. I'm sure that issue was discussed with the President and he may have felt that way about it. I'm just telling you I didn't have as strong a feeling about it.

Q Then give us your explanation as to what kept driving this initiative forward after Weinberger and Shultz were opposed to it from day one, McFarlane returned from London feeling that the intermediary wasn't trustworthy. Where was the support coming from for this?

A Well, it was coming from me, from the standpoint that I wanted to get channels in to the Iranian government so we could find out what was going on and try to influence events there and get the hostages out. It came from the President, not so much from the standpoint that if we stopped it would increase the risk to the hostages, but that there was a possibility of getting the hostages out.

I mean, that was one of his major objectives, was to bring the hostages home. The best description that I have seen in my preparations was the Casey memorandum of that, of Bud's debrief of his London trip that's in the Tower Commission report. By my recollection, that's a fairly accurate account of the President's mood at that period of time.

Q And his mood was that he wanted to try?

A He wanted to try. And Mr. McFarlane didn't disagree with that. It's just that he didn't think that Ghorbanifar was the right channel to try and do it, and we didn't have any misconceptions even before he went as to the character of Ghorbanifar.

Q You had no reason or basis for disagreeing with McFarlane's assessment that Ghorbanifar was the wrong channel, correct?

A That is correct, and the efforts with Ghorbanifar after that point were primarily oriented toward opening up another channel. That's one of the reasons that I thought it was important that Mr. McFarlane go to Tehran.

Q Well, at the time we're talking about, which is December of 1985, the channel was through Ghorbanifar [redacted] right?

A That's right.

Q And after --

A I'm not sure at what point we learned [redacted] was the man.

Q I think he's even referred to in this memorandum.

A You're right.

Q Now after McFarlane's trip to London were you told that the CIA did a polygraph on Ghorbanifar?

A I was aware of that. I'm not sure. I rather think I learned that before he went to London.

Q I think it was done afterward.

A I mean they gave him another one, but the Agency had dealt with Ghorbanifar for a period of time.

Q And he was consistent in his failure of the polygraph test.

A That is correct. So that's why I say we weren't under any misconceptions as to Ghorbanifar's character once we identified who he was.

Q Let me show you a couple of miscellaneous documents and see if you can tell us what they are about. One is a PROF note dated 11/26/85. It's from McFarlane. The subject is Ledeen. It is not to you. I don't know

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if you can tell by the initials who it's to.

(The document referred to was marked Poindexter Exhibit Number 36 for identification.)

A It's to Wilma Hall.

Q It's to Wilma Hall.

A His secretary, and to Ollie.

Q And it says --

A And a copy to me.

Q A copy went to you. It says: Please tell Mike -- and Mike means Michael Ledeen -- that I had no opportunity to talk to press in Rome but will find a way. On further travel, please pass Mike's message to John Poindexter. I am inclined to think that we should bring this operation into the NSC and take Mike out of it and will await John's thoughts. No further communications to Mike on this until I have thought it through.

Is this the Iran initiative or some other of Ledeen's projects?

MR. BECKLER: If you know.

THE WITNESS: I don't know for certain, but I suspect it's Iran.

BY MR. LIMAN: (Resuming)

Q Do you remember any discussion with McFarlane or North on Ledeen's role?

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A Yes, I do.

Q What do you remember about that?

A I was generally aware that -- well, Mr. Ledeen was an NSC consultant because my impression was -- and I guess I don't know it for a fact, but my impression was that he was a consultant because Mr. McFarlane thought highly of him. And I was aware that Mr. McFarlane had him involved in the discussions with the Israelis on the Iran project and my recollection is -- and one thing about that cable you showed me earlier that Mr. McFarlane sent to Secretary Shultz was that my recollection is that Ledeen had some contact or connection with [redacted]

And the purpose of the letter that you brought out earlier to [redacted] was really in fulfilling a request from Mr. McFarlane to me that he wanted Mr. Ledeen to go to Europe and talk to some officials. I frankly was never completely comfortable with Mr. Ledeen.

Q Why?

A I frankly thought he talked too much and I didn't think he was a particularly discrete emmisary to be using. And -- will all of this be made public?

Q We can use some discretion.

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A Well, for example, [redacted] made a [redacted]

pencil

[redacted] And so my discussions with Colonel North was to -- and when Colonel North and I became more involved in November of '85 with this HAWK shipment we've been talking about, we were both concerned, especially after we found out that the Israelis had screwed up in the shipment, that we were concerned with Ledeen not really being very knowledgeable about what he was dealing with.

And at some point I believe I told Mr. McFarlane -- and it was probably in response to this note -- that I thought that we ought to drop Michael Ledeen out of it. And, of course, shortly after this note Mr. McFarlane decided to resign and I may not have told him that because of the confusion of that time period.

Anyway, when I took over eventually we did drop Mr. Ledeen out.

Q When do you date Ledeen's removal from the whole Iran initiative?

A Well, certainly by the 5th of January when I took over.

Q He was out?

A He was out.

MR. BECKLER: We're still sticking to our 4:30

closing?

BY MR. LEON: (Resuming)

Q On the Ledeen point, Admiral, did Ollie North ever express to you the opinion that he thought Ledeen was maybe making some monies out of these transactions?

A He did.

Q Do you remember when he first might have suggested that to you, that he was concerned about it?

A I can't remember that.

Q Let me ask you this. Would it ring a bell if he might have told you that on Friday, November 21, 1986, after visiting with Ledeen that morning?

A My recollection would have been before that.

BY MR. LIMAN: (Resuming)

Q Was it a suspicion or did he have hard information, Admiral?

A Well, I don't know how hard it was. I think it would be fair to say that Colonel North had an even greater distrust for Mr. Ledeen than I did, and I'm not totally sure I understand why, but at some point -- and this would have been in early '86, I think -- Colonel North reported to me that he and Dick Secord had figured out that Schwimmer and Nimrodi were making a considerable profit on the arms sales that they had been making to Iran.

I rather think, trying to stick to the Ledeen connection, that Colonel North was at least suspicious that Ledeen may have gotten some of that profit, but I don't think I ever knew if Colonel North had any hard evidence on that or not.

Q When you were working on the chronologies in 1986, November of '86, did you speak to Ledeen at any time?

A My recollection is that he tried to call me, but my recollection is I don't think I ever returned the call. I asked Colonel North to talk to him and my recollection is Colonel North did, and my recollection is that his report to me was that Mr. Ledeen was thinking about going public with his version of the case, of the project. I did not want to do that becuase, frankly, I didn't know what Mr. Ledeen would say.

I also suspected that he had some hard feelings about being cut out of it and I believe my best recollection is that I talked to Mr. McFarlane also about talking to Mr. Ledeen to try to convince him not to go public at that point. And this was probably in the time frame before the President's speech on the 19th.

You know, one point I'd like to add right here is that this detail -- I've had a lot of time since November of 1986 to go back over and think about all of this, so what I recall now is more detailed than I could recall in November of 1986.

Q While you're on this subject, you just mentioned Secord. Did Stanley Sporkin, as General Counsel of the CIA, ever communicate to you that there had been some questions about Secord's past?

A I was aware that Sporkin, amongst others at the Agency, had some concern about some of Dick Secord's history. As I understood their concerns, I thought that they were unfounded and in fact had a conversation with Director Casey about that subject, and I told him I thought his people were being unfair with General Secord.

Q Was this later in '86 or at the time that the issue of whether to take over the assets of Project Democracy occurred? Or did you have one with him at the beginning?

A I think it was at the beginning, and Bill Casey generally agreed with me that he thought that Dick Secord was a very great professional and was being unfairly tarred by the Wilson-Terpil brush.

Q And what provoked that discussion?

A Well, it may very well have been something that Sporkin said to me. I can't recall a conversation. It is possible that he called me. He was in the drafting session that I had with Director Casey and Secretary

Weinberger and Ed Meese and, very briefly, George Shultz on the 16th of January.

Q You were about to say something and I interrupted when you were talking about Secord and the Wilson-Terpil connection and the unfairness of it.

A Well, I was going to say on Sporkin, getting back to your original question, I can't recall for certain how I was aware that Sporkin was with the group that was critical of Dick Secord. You know, it's conceivable I heard that directly from Stanley or from Colonel North.

Q Let me go back to the November HAWK shipment for a moment. Did North or anyone else tell you that the Secord organization received $1 million from the Israelis for the shipping costs of the HAWKs?

A I can't recall that figure or knowing that. I mean, I knew that as the way it finally worked out that Secord was involved in that shipment, and I assumed that he had some expenses.

Q Did anyone tell you that the profit that Secord and his group made on that shipment was going to the contras?

A Well, you mean --

Q On the November shipment. Let me just give you some facts, Admiral. The Secord organization, Lake, received a transfer of $1 million from the Israelis. It incurred costs of under $150,000 in chartering the airline from the CIA proprietary and in other out-of-pocket expenses, and General Secord testified that he Israelis said that he didn't have to refund the balance but could use it for the contras.

Now does that ring any bell? Did anyone tell you that?

A You know, it's conceivable that I was told that. I don't recall it. My general level of knowledge in that time frame was that Dick was involved in the private logistics support of the democratic resistance and that because of his connections [redacted] that Ollie brought him into the Iranian effort [redacted]

Q This would have been an $850,000 donation by Israel. I'm not talking about the fact that it went to Secord.

A I understand what you mean. But, you know, it's possible that Colonel North reported that to me. I don't recall it.

MR. BECKLER: You don't recall. It's possible. Let's go on to the next question.

BY MR. LIMAN: (Resuming)

Q Now on the Finding to which you've given

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testimony, which was Exhibit 12, after that was signed by the President where was it put?

A It was probably in an envelope on my desk for a period of time. At some point in, it would have been sometime later, probably the month of January of '86, I took all of the papers I had at the time on Iran, which would have, I guess, been this one and the 5 or 6 January version and the final version and gave those to Commander Thompson to keep in one of the outer office safes.

Q Where were Findings normally stored?

A Somewhere over in the Old EOB. I don't know exactly where the System IV stuff was stored.

Q And did you tell Director Casey that this Finding that he sent you had been signed?

A I can't recall that.

Q Did you tell Colonel North that it had been signed?

A I can't recall that either. I probably told Colonel North, but I don't recall it.

Q Did you tell Don Regan that it had been signed?

A I would assume that Don Regan was probably in the 9:30 when it was signed.

Q Do you remember?

A I don't remember that, though.

Q What about the Vice President?

A It depends whether he was at the 9:30.

Q You don't remember that?

A I don't remember.

Q And the Attorney General. Did you ever tell him that it was signed?

A I don't think that I ever told the Attorney General that, although it's possible. But I don't think so because, you see, again the frame of reference on this Finding was I never really considered this an adequate Finding, and I'm not even sure that I recommended that the President sign it.

Q But he signed it.

A But he did sign it. But again because I can't remember the meeting I don't know whether it was -- I think I've testified he did have a habit of if he agreed with a piece of paper he would put his name on it, even though maybe you weren't ready for him to finalize it.

But, anyway, I never considered it an operative document.

Q When you say you never considered it an operative document, this is a document that was the only Finding on dealing with Iran until January of 1986, correct?

A That is correct. But there was -- yeah, that is correct.

Q And you never told the President when he signed it that this is a document that's not operative, did you?

A Well, I'm not sure about that. I mean, again because I can't recall the meeting in which it was discussed, I don't know under what conditions it was signed. I don't think that that's particularly unusual.

Q Well, Mr. McMahon testified -- Mr. McMahon wrote a memorandum which I can show you that he was told, I believe by you, that he had been signed. I'll show you that at the next session -- told by you that it had been signed.

A I don't recall it.

Q Well, let me refresh your recollection. This was not a document which was signed inadvertently and has no meaning, is it?

A Well, the only -- well, I really don't have any more on that.

Q It was sent over by Casey.

A Right.

Q Casey was a person who had a close relationship with the President of the United States; is that fair to say?

A He had worked with him for a long time.

Q You are very cautious, Admiral. He was his campaign manager.

A At one point he was.

Q And a campaign manager, you are aware, is a person who has an intimate relationship with a Presidential candidate.

A But I am also putting it in light of a long period of time with the President myself.

Q And Casey was a man who the President was comfortable with, wasn't he?

A He had great trust and confidence in Director Casey.

Q And Casey was indeed a very sophisticated man?

A He was.

Q And this Finding came over to you with a letter from Casey.

A That's correct.

Q And it said: Pursuant to our conversation this should go to the President for his signature. Do you recall that?

A I recall that.

Q And so you, according to the covering letter, had had a conversation with Casey before he even sent it.

A Presumably.

Q That's what he says.

A Yes, that's what he says.

Q But you don't remember the conversation?

A I don't remember the conversation.

Q But one thing I've learned from two days is the fact that you don't remember a conversation is not going to turn out to be unusual, given all of the conversations that you had over this period.

A That's correct.

Q And you are not denying that you had the conversation with Casey?

A No. I just don't remember it.

Q And indeed Casey said of the Finding that it should not be passed around in any hands below our level.

A That's correct. That's what the memo says.

Q And below our level meant not even Ollie North?

A Well, I doubt if Director Casey would have excluded Colonel North.

Q Because Colonel North was a discrete man?

A That's correct.

Q But Colonel North, despite the power that he appears to have, wasn't at Casey's level?

A That's also correct. But also I would point out that I doubt seriously if Director Casey drafted that note.

Q Well, it's only a couple of lines.

A It's possible. I just doubt it.

Q And I knew Director Casey longer than you did when he was a practicing lawyer in New York. I think he could have drafted this note.

MR. BECKLER: Arthur, we're going to have to put you under oath.

MR. LIMAN: I don't want it to be said that he couldn't write a transmittal letter.

THE WITNESS: Director Casey was a very good writer, very articulate.

BY MR. LIMAN: (Resuming)

Q When he wanted to be.

A I'm talking about writing -- not orally.

Q Let me move because we're going to have to break in ten minutes. I want you to give me an overview of something. In January of 1986 you testified you were visited by Nir -- January 2, 1986.

A Correct.

Q And your notes reflected the proposal that Nir made for the Iran initiative to continue.

A Yes.

Q And the notes reflect that there will be a total of 4,000 TOWs shipped to Iran and that if the hostages aren't released after the first installment --

January of 1986, if they are not released after the first installment of 500 the project ends and the Israelis are out 500 TOWs. Do you remember that, or do you want me to show you your notes?

A I remember the notes.

Q And the Israelis were prepared in order to keep this initiative going, as I read your notes, to bear the risk of being out of pocket 500 TOWs. That's what your notes said; am I correct?

A That's correct.

Q And that's what he told you, am I correct?

A My best recollection.

Q And he also indicated that if it was successful he expected that you would replenish not only the 4,000 TOWs that they would be shipping to Iran but the 500-odd TOWs that they had previously shipped?

A In September?

Q In September, yes.

Now we know this from documents you've seen in Tower and documents that you will see here that the Israeli proposal is the one that is presented to the group, the NSC principals on January 7, and it's a proposal that Israel sells, the United States replenishes. We also know from the documents, Admiral, that by January 17 the transaction has changed and that

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it's not a replenishment of Israel. It's not Israel that's going to sell and that we're going to replenish; it's going to be a sale by the Department of Defense to the CIA which then through an agent the Israelis will get these TOWs to the Iranians.

You recall that, don't you? Do you recall that or would you like to see your January 17 memo?

A No, I recall it. During the time period from the time --

Q I haven't asked you a question yet. I just wanted to know if you recall that. You may have anticipated the question. The question is what happened between January 7, when you were discussing the Israeli plan with the NSC principals, and January 17, when you adopt the other plan and there, in your own words or in the words that you sign on on as in the memorandum to the President which has been marked as an exhibit, it says "the objectives of the Israeli plan could be met if the CIA, using an authorized agent as necessary, purchased arms from the Department of Defense under the Economy Act and then transferred them to Iran directly after receiving appropriate payment from Iran."

What happened to change the structuring of the transaction in your own words and as fully as you can tell us?

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A All right. To answer the question I'd like to go back to the first version of the Finding. You see, in my view there were three versions of the Finding, starting with the one in December, then the one in early January, and then the one which in my view was the final version and the one that we eventually implemented was the 17 January.

In the early part of December, of course, I was [illegible] taking over. It was a very confusing time. I had the memo from Director Casey. In fact, well, I'm a little confused here now whether I can recall it or whether I read it in the Tower Commission report, but anyway McMahon was very concerned about the Finding. In fact, I think he was more concerned about getting that Finding signed in December than Director Casey.

But again I don't recall conversations with McMahon or Casey on the Finding. But, anyway, as I've said before I was not satisfied with the first version of the Finding, and after that I asked Colonel North --

MR. LIMAN: If you're going to consult in the middle of an answer, then I want it reflected.

(Counsel conferring with the witness.)

MR. BECKLER: You can reflect that. You've been more than kind.

THE WITNESS: I told Colonel North to work with whoever he'd been working with at the Agency, and I don't recall whether I knew it was Sporkin at that point, and also I wanted him to touch base with the Attorney General or at least the Attorney General's immediate staff that would be aware of the subject of the Findings.

And so that process. Then we had the Christmas holidays and then Nir came in with a proposal that in some respects was similar to the past. But, as I've testified, there were some different aspects to it with regard to the cover story. And in the meeting in early January with the principals after my prebriefing of the President, the President was willing to go ahead with it right away, and that's why he signed the second version, which was in early January.

But again I didn't consider that the final version because I wanted to get Secretary Weinberger and the Attorney General and Director Casey and, if I could, Secretary Shultz in a session to perfect the wording of the Finding.

In the meeting on the 16th of January with the Attorney General and Director Casey, Secretary Weinberger, Secretary Shultz came in at the very beginning of the meeting but had to leave -- the timing of the meeting was impromptu and Secretary Shultz had a conflict -- the Attorney General raised the point that if

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we did the operation using the Israelis to the Iranians and our replenishing the Israelis we ran into problems with the Arms Export Control Act because there would have to be a report to the Congress under the Arms Export Control Act, because the weapons, even though we were replenishing them directly under this Finding, technicallyi the weapons that the Israelis would ship would have been delivered to the Israelis under the Arms Export Control Act.

So to avoid that problem the Attorney General wanted to go direct. And Director Casey had no problem with that. Secretary Weinberger understood the point. He was not in favor of the whole project all along, so I can't say that he concurred with that. And so the next day in briefing the President I made it clear that there was a change in the procedure and he agreed that that was fine with him.

And so at that point we moved from the Finding, and I guess you'd have to say the 5 December or whatever date that was in early December was operative up until that point, but at that point we shifted to the new Finding, which was what we initiated the project with under my auspices.

BY MR. LIMAN: (Resuming)

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structured under the January 17 Finding is it fair to say that it was a sale from the DOD to the CIA under --

A The Economy Act.

Q The Econony Act.

A That's correct.

Q Now was the reason for selling it under the Economy Act to get a better price or to avoid having to notify the whole Congress?

A No. I'm not an expert on this subject, but it was my understanding that any time the CIA buys assets from the Defense Department -- and I think that's what the Economy Act means -- that they are required. In other words, rather than going out and contracting on their own if they can buy it cheaper from the Defense Department then the Economy Act permits that. So it doesn't have anything to do with -- well --

Q All, I can ask you for is your understanding. At least insofar as your understanding is concerned was the reason to go through the Economy Act sale to the CIA related to pricing or was it related to notification?

A No. It's more related to notification, I would say, because the whole shift from the original concept of the Israelis selling to the Iranians and our replenishing, shifting from that to our going directly to the Iranians using the Israelis as logistics support, a logistics support base in the process, was to get around the reporting requirements of the Arms Export Control Act.

Q So that the debate or discussion on, was it January 15?

A Sixteenth, I think.

Q On January 16 among the various principals with the Attorney General was over the issue of reporting. It wasn't a pricing discussion?

A That is my understasnding.

Q And there weren't even pricing officials at that meeting?

A No.

Q Now under the Economy Act the shipment was going to be handled by a sale to the CIA and then what did you understand the CIA was going to do with the weapons?

A At that point I'm not certain I had a clear understanding of that. My recollection is that I had a conversation. We may have discussed a little bit in that meeting. It doesn't vividly stand out. But probably in that meeting a discussion took place on the Agency using a private agent, in other words, a Dick Secord. I don't believe Dick Secord's name came up in the 16 January meeting, and it wasn't even clear, I don't think. We just wanted to be sure that the wording of the Finding gave Director Casey that kind of flexibility of using third parties.

And it was a later conversation with Bill Casey in which I discussed with him how he planned to carry it out, and we probably discussed Dick Secord at that point.

Q Why don't we end with your telling us about that later conversation with Casey?

A I don't have a good recollection of it, but thinking back over the time frame I had the meeting with Dick Secord and one of the main purposes of the meeting was to feel him out as to whether he would be willing to be a private agent in the Iranian project. And, as he testified, my recollection is that he said that he would if it was not simply an arms for hostage arrangement, which he disagreed with.

And, of course, as you know we never did view it in that simple a context.

MR. LEON: When would that have been?

THE WITNESS: The meeting with Secord?

BY MR. LIMAN: (Resuming)

Q It was January 17. He was in the building on January 17 and January 20, both times signed in as visting you.

A My recollection is it was on a Saturday.

Q The Saturday meeting would have been January 17.

MR. LEON: January 18 is a Saturday.

MR. LIMAN: The 17th is when he signed in, isn't it?

THE WITNESS: That was not a Saturday. But, anyway, at some point after that I recommended. I told Bill tnat I had talked to General Secord, again in my best recollection, and that I thought that -- I don't remember whether I specifically made a recommendation or just simply told him that I had talked to Secord and Secord was willing to do it.

BY MR. LIMAN: (Resuming)

Q Did anyone recommend to you the use of Secord other than Ollie North?

A Not that I can recall.

Q Did Casey say that he had to use an agent as opposed to a proprietary?

A I don't recall that.

Q Because, Admiral, when you look at the transactions up to the second channel, up to the time -- the shipment of the 1,000 TOWs in February of 1986, and then the HAWK parts in May of 1986, until the second channel was developed, the fact is that Secord is handling logistics, arranging for the transportation, providing an interpreter, but the people who go to Tehran don't include Secord.

A But that was --

Q So what did you envision the agent would be doing?

A Arranging for transportation and providing the operational linkage with the Israelis.

Q And did you not think that the CIA had a proprietary that could do that?

MR. BECKLER: We're after 4:30. We had an agreement. It's 4:40.

MR. LIMAN: Let's just finish this question.

Mr. BECKLER: Before we were just going to finish his last conversation. Let's finish it, then.

BY MR. LIMAN: (Resuming)

Q Let's finish it, then. Did you not think the CIA had a proprietary?

A I knew that the CIA had a proprietary but it really wasn't my decision about how Director Casey wanted to carry out the project. I have some personal views, speculation as to why he wanted to do it that way, but, you know, I can't recall having a conversation with Director Casey about using General Secord versus one of his proprietaries.

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Q Well, the last question is, was it you or Casey who wanted to do it that way, meaning using a private agent?

A I think it was -- I think we both thought that was a good way to do it.

MR. LIMAN: Okay. Why don't we break now and resume tomorrow. We can probably finish it tomorrow, at least on my side.

MR. BECKLER: That's fine with me.

(Whereupon, at 4:41 p.m., the taking of the instant deposition recessed, to reconvene at 10:00 a.m., Thursday, June 18, 1987.)

____

Signature of the Witness

Subscribed and Sworn to before me this __________ day of

______________________________, 1987.

____

Notary Public

My Commission Expires: ______________________________

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CERTIFICATE OF REPORTER

I, Michal A. Schafer, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by ME; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriting under my direction; that said deposition is a true record of the testimony given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Schafer
NOTARY PUBLIC

My Commission expires: 2/28/90

ATTachment A
5:05 pm
18 July 1987

Declassified documents
#2175 - 2185

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HSITS 0107 /87

Stenographic Transcript of

HEARINGS

Before the

SELECT COMMITTEE ON SECRET MILITARY ASSISTANCE
TO IRAN AND THE NICARAGUAN OPPOSITION

UNITED STATES SENATE

DEPOSITION OF JOHN M. POINDEXTER - Continued

Thursday, June 18, 1987

Partially Declassified/Released on 16 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

Washington, D.C.

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DEPOSITION OF JOHN M. POINDEXTER - Continued

Thursday, June 18, 1987

United States Senate
Select Committee on Secret
Military Assistance to Iran
and the Nicaraguan Opposition
Washington, D. C.

Continued deposition of JOHN M. POINDEXTER, called as a witness by counsel for the Select Committee, at the offices of the Select Committee, Room SH-901, Hart Senate Office Building, Washington, D. C., commencing at 10:16 a.m., the witness having been duly sworn, and the testimony being taken down by Stenomask by MICHAL ANN SCHAFER and transcribed under her direction.

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APPEARANCES:

On behalf of the Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition:

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37	388
38	405
39	405
40	409

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PROCEEDINGS

Whereupon,

JOHN M. POINDEXTER,

called as a witness by counsel on behalf of the Senate Select Committee and having been duly sworn, was further examined and testified as follows:

EXAMINATION ON BEHALF OF THE SENATE COMMITTEE - Resumed

BY MR. LIMAN:

Q We are now resuming our third session. You are still under oath, Admiral. I have just handed you Exhibit 37, which is a memorandum dated December 7, 1985, from Oliver North to Mr. McFarlane and you.

(The document referred to was marked Poindexter Exhibit Number 37 for identification.)

A Mine is dated December 9.

Q Did I say December 9?

A You said 7.

Q December 9, 1985, and it begins with what I would characterize as a trip report on their weekend meeting in London.

MR. BECKLER: Before any questions are answered, maybe we could just perhaps also put on the record that this obviously is a continuation of the proceeding which began with taking immunized testimony.

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MR. LIMAN: This is immunized testimony. It is in executive session of both Committees, and it is a continuation of that immunized testimony.

MR. EGGLESTON: Maybe I should just say on behalf of the House that is correct.

MR. BECKLER: Thank you, Mr. Eggleston.

MR. SMALL: This is Exhibit 37?

MR. LEON: Yes, 37.

(Pause.)

BY MR. LIMAN: (Resuming)

Q There is attached to the first memorandum a memorandum of December 5, 1985. If we can stop with the December 9, 1985 memorandum, I'd like to ask you some questions about it.

A All right.

Q In the first place, do you recall receiving and reading this memorandum?

A I can't say that I have a good recollection of it. I probably did, but, you know, it's been a long time ago.

Q And is this the type of memorandum that you would have given the President a briefing on?

A Yes, it is.

Q And in this memorandum Colonel North lays out certain options at page three. One is what he calls a

Ghorbanifar-Schwimmer plan, which involves the sale of some TOWs to the Iranians, and that's the first option he describes.

The second is he talks about [redacted] am I correct?

A That's correct.

Q The third is allowing the Israelis to deliver 400 or 500 TOWs while picking up the 18 HAWKs in an effort to show good faith to both factions in Iran; am I correct?

A It makes that proposal as one option.

Q The 18 HAWKs were the ones that he refers to earlier in the memorandum that had been delivered to the Iranians, where he says, for example, "at the meeting with McFarlane we learned for the first time that the Iranians want desperately to return the 18 basic HAWK missiles which are still in Tehran," on page two. So that was another option, right?

A Right.

Q Then he talked about doing nothing, and there Colonel North stated the position that he had stated on a number of occasions, that if the United States did nothing it could be very dangerous and that a "United States reversal now in mid-stream could ignite Iranian fire. Hostages would be our minimum losses." Right?

A Yes. That's his assessment of the situation.

Q And then he gives a fifth option, and in that fifth option he describes the possibility of using Secord as the conduit to control Ghorbanifar and for delivery operations. Do you see that?

A Yes.

Q Now was this the first time that you had heard a proposal to use Secord as an agent in lieu of the Israelis?

A I can't be certain because, you know, I just don't remember all the details. It probably was. I'm not quite sure, you know, what he means here. My guess is that when I read that I assumed that it would be using Dick Secord for the delivery of weapons in Israeli stocks, because, you see, I really didn't understand that the Attorney General had a problem with the Israel to Iran, U.S. replace Israel until the meeting on the 16th. So when I read that, and I'm relatively sure that I did at the time, it didn't register, and I'm not sure that's what Ollie meant here.

Q Well, he does talk about the fact that this will reduce our vulnerabilities in the replenishment of Israeli stocks.

A Yes, that's true.

Q Let me see if I can refresh you on this. You knew when North returned from the London trip that he was dissatisfied with the Israelis' performance on the HAWK shipment, right?

A Yes, he was.

Q And you knew that he thought that the Israelis were mishandling the whole Ghorbanifar relationship, correct?

A That's correct. And he wasn't satisfied with Ghorbanifar either. None of us were.

Q Is it a fact that North communicated to you that he or he and Secord felt that the United States had to get involved directly with Ghorbanifar and not simply rely on the Israelis?

A I'm not sure when he arrived -- he or I arrived at that conclusion. Eventually we did arrive at that conclusion. But, you know, reading this and thinking back on it, what I probably thought at the time was that what he was saying here was that Secord would essentially replace Schwimmer in the operation, because Schwimmer was one of the people that he didn't particularly trust.

Q Well, was a decision made at some point that Secord ought to replace the private Israeli, Schwimmer and Nimrodi in dealing with Iran?

A Well, essentially when the President signed

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the final version of the Finding on the 17th of January that decision was made, not necessarily Secord by name but that a third party, and the intent there was for Bill Casey to use a third party, Dick Secord, or it could have been somebody else at that point.

Q Did you ever hear the name of any other third party who was contemplated to be used other than Secord?

A No, I did not. But I'm just saying that when the Finding was signed that did not include necessarily the decision to use Dick Secord. The Finding was broad enough that Bill Casey was left to make that decision about exactly how to carry it out.

Q Did you understand by the time you met with Dick Secord on January 17 that Secord had been stationed in Iran?

A Yes.

Q And that he had some knowledge of Iran?

A Yes.

Q Did you know that he had a partner, Hakim, who could speak Farsi at that point?

A At that point I didn't know that, to the best of my knowledge.

Q And you knew that Secord had had some experience in special operations?

A Yes, I knew that.

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Q And that he had a reputation of being able to get things done?

A He did. I had the impression that Dick Secord was an ideal candidate to carry out this mission.

Q Now you've already testified at that time that you did not envision the role of the agent as being to make profits.

A That is correct.

Q And when you talked to Secord on the 17th Secord stressed with you that he was interested in getting involved if this would be an initiative to establish a relationship with Iran and not just a plain hostage-for-arms swap?

A To the best of my knowledge.

Q Did you find, yourself, Admiral, the notion of an arms-for-hostage swap to be distasteful?

A I frankly don't find that distasteful. I think that we live in a very imperfect world, a very dangerous world, and sometimes you don't have the best options or the ideal option, and you've got to do what's necessary.

Q What is your response to those who say --

A I view it much more pragmatically?

Q What is your response to those pragmatists who say that if you start swapping arms for hostages you are only going to encourage the taking of most hostages?

I'd like to show this consultation because on this one I think he could answer this without you, Mr. Beckler.

(Counsel conferring with the witness.)

MR. LIMAN: This has nothing to do with refreshing him.

MR. BECKLER: Mr. Liman, he is perfectly capable of answering every question without consulting with me. That is not necessarily why I consult with him.

BY MR. LIMAN: (Resuming)

Q May I have the answer to this one?

A Would you mind repeating the question, please?

Q I wanted to know what is your response to those pragmatists who say that if you start swapping arms for hostages you will just simply encourage the taking of more hostages.

A I would make two points. One, we didn't feel and didn't believe, the intelligence didn't indicate, that the Iranians were holding the hostages. It was a separate group in Lebanon, a faction of the Hizbollah. We didn't feel that the Iranians had complete control over the situation. We certainly felt that they had some influence and could bring pressure to bear.

You see, the President never did view -- and, you know, it was a fine line, but I think his rationale was right and I agreed with him -- that we were not dealing arms for hostages, although frankly that doesn't have the same impact on me that it does on some people.

The second point is that the objectives of the radical fundamentalist groups in the Middle East go far beyond arms or anything else that we were talking about. And I think that the danger of increased hostage-taking existed whether there were arms involved or not involved.

Q Now, Admiral, attached to the December 9 memo is a December 5 memo. It happens to be attached to it, which is the way in which we received these documents. I'm not sure it was attached originally.

A I haven't read that one yet.

Q Could you take a look at it and just see if you recall reading it and in particular I call your attention on the first page to where they describe the Israeli shipment of 500 TOWs in September of 1985 and the author of the document says "prior to commencing this operation we committed to the Israelis that we would sell them replacements for the items that they had sold and delivered to Iran. Two days later, Reverend Benjamin Weir was released."

Anyway, if you could look at it and just tell me whether you saw this document.

(Pause.)

A All right. I've read it.

Q Admiral, if you look at that, do you remember whether or not you saw that memorandum at the time?

A I probably did. I think this was the first indication or -- well, the thing that makes me believe that I saw it at the time was [redacted]

Q And was this the first indication that you had that we had committed to the Israelis to replace the 500 TOWs?

A It probably was. I didn't recall knowing this this early, but it looks like that I did.

Q Now let's move on to the January 6 Finding.

MR. LEON: Arthur, could I just ask the Admiral, who wrote that memo, Admiral, as far as you can tell?

THE WITNESS: I don't think it has any marks on it.

BY MR. LIMAN: (Resuming)

Q Does it read like an Oliver North memo?

MR. BECKLER: If you don't know, you don't know.

THE WITNESS: Well, the cover memo says from Oliver North to Mr. McFarlane and to me.

MR. BECKLER: But they don't know if these are attached.

BY MR. LIMAN: (Resuming)

Q Does it read like an Oliver North memo? You can, after a while, start getting a sense of the style of a person.

A I obviously can't be positive, but it looks like an Oliver North memo.

MR. LEON: The last paragraph reads to me like an Oliver North memo. I just wanted to see if you remember.

(A discussion was held off the record.)

BY MR. LIMAN: (Resuming)

Q Admiral, when you asked Oliver North to prepare the new Finding in the beginning of January after you met with Nir, did you give him any instructions to leave out any reference to hostages?

A No, I don't recall that.

Q The reason I ask you this --

A In fact, I told him to begin working on a new Finding actually in early December.

Q Before or after his trip to London?

A That I can't be sure of -- probably after.

Q The first work that was done on the new Finding, I will tell you, began on January 2, 1986, which

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is when Nir visits you. Does that refresh your recollection as to when your instructions were given to him?

A No, because I think that there was preliminary work done in December, because the reason I believe that is that after the 7 December meeting, which to my recollection was the first meeting I had an opportunity to hear in detail Secretary Shultz and Secretary Weinberger raise their objections, they made such a big issue of the illegality of it that I'm relatively certain later after that, but yet in early December, I asked Colonel North to talk to the Attorney General or his people about that problem, because clearly if it were illegal we couldn't go ahead with it.

Q And if it were illegal you had a problem in terms of those September shipments?

A I can't say that that --

Q That that occurred to you?

A That occurred to me at the time.

Q That was before your watch anyway.

A Well, I just don't recall thinking about that. I tend to look toward the future.

Q In the discussions that took place at the December 7 meeting was there any reference made to the fact that we had done it already in September and in

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November?

A I can't remember that.

Q Do you remember that meeting as being a forward-looking meeting -- should we go ahead with the new Israeli plan?

A That's correct. And let me make one other point clear. It wasn't clear to me that what Secretary Shultz and Secretary Weinberger were saying was correct.

Q You are not a lawyer; I understand that.

A No.

Q And the Attorney General was not at the meeting on December 7, was he?

A He was not. In hindsight --

Q In hindsight what?

A It would have been helpful if he had been there.

Q But let me stop at December 7. December 7 the decision that was made was to let McFarlane go to London, correct?

A That is right.

Q And there was not a decision made on December 7 to sell more arms to Iran; correct?

A That is correct.

Q And by the time any further shipment was made to Iran the Attorney General of the United States had been consulted?

A That's correct.

Q And he indeed had reviewed the plan that ultimately was implemented, correct?

A That's right.

Q And he had given his blessing to it, right?

A That's correct.

Q And the Secretary of Defense had voiced his own objections, correct?

A That's right.

Q And do you remember at the meeting that was had in the White House on January 16 that the Secretary of Defense said that he wanted to talk to counsel for the Department before signing off?

A I don't recall that.

Q Do you remember him ever saying that he was going to speak to his own lawyers in the Department of Defense?

MR. BECKLER: Let me raise an objection at this time. Obviously unless you were present at those meetings, Mr. Liman, you have an unbelievable amount of material that lays out what happened at all these meetings, and we now -- let me finish my objection, please -- as you know, we have been provided with no documents for this deposition, no preparation, no opportunity to see any of these materials.

And this mode of taking the Admiral through each thing and then -- well, I could tell you really what was going to happen by showing you that memo, I must say that at some point it crosses the line over to a position where it's not going to be fundamentally fair to have this proceed in this way.

MR. LIMAN: Mr. Beckler, I have shown him in general every document before I question him about the event. Some events are subject to testimony which may or may not be correct, and if the Admiral does not have a recollection of it, then he puts that on the record. If it does refresh his recollection and he remembers it, then he says so.

So I see nothing unfair about that way of proceeding and I know of no other way of proceeding when I'm dealing in part with people's memories.

MR. BECKLER: If this were a normal deposition I perhaps might agree with that, although even in some normal depositions access is given to documents that will be used in those depositions by the parties, although that has not been done in this case.

However, as I stated yesterday, this is not a normal deposition. Admiral Poindexter is a man who has received immunity from the Senate. He has been declared

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a target of a special prosecutor's investigation for the very same facts which you are now questioning him about, and I believe he is in serious jeopardy at every moment, every step of the way.

You have said yesterday, Mr. Liman, that you are only a commercial litigator, but I believe this to be in the nature of a criminal investigation in which the Senate is cooperating somewhat with the special counsel in an attempt to yes, give somebody immunity but yet deprive that person of every possible advantage that he might garner from getting such immunity.

And I want to put you on notice to that fact.

MR. LIMAN: Well, Admiral Poindexter is going to be a public witness in the beginning of July and all of his evidence is going to be public then, and I do not see my role here as either being a prosecutor or as an aide to a prosecutor. I see the role that I have been given as to develop all of the facts, to do it in a way that does not cause any kind of unnecessary interference with other branches of government, but to get the facts, whatever the consequences may be.

So let's proceed.

BY MR. LIMAN: (Resuming)

Q Now, Admiral, I'm just asking you, you understand, whether you recall that the Secretary of

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Defense at that meeting or any other meeting said that he was seeking counsel from his own Department before signing off on the January 17 Finding.

A I simply don't recall. I'm sorry.

Q Now you testified a moment ago that you never instructed North to omit from the proposed new Finding reference to hostages; is that correct?

A That's correct to the best of my knowledge.

Q But you wanted a Finding that would have objectives other than just plain arms for hostages; is that correct?

A That is correct, because --

Q Did you give him the objectives to be put in the Finding or did he define those objectives based on discussions with you?

A My recollection is that they were based on discussions with me and I probably did not provide the detailed objectives that finally wound up in the draft of the Finding, but I wanted to make it clear that our major objective was a strategic opening to Iran.

Q Now I'll mark as two exhibits, first a memorandum to you dated January 4, 1986, from Lieutenant Colonel North that encloses a draft memorandum from you to the President and a draft of the January 5 Finding, and that will be marked as Exhibit 38.

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(The document referred to was marked Poindexter Exhibit Number 38 for identification.

And then as Exhibit 39 what appears to be a revision of the draft from you to the President with the January 6 Finding attached. And just from the context, because this is not dated, the cover memo here, but from the context it appears to me that this probably the revision of the draft that was Exhibit 38.

(The document referred to was marked Poindexter Exhibit Number 39 for identification.)

What I'm going to ask you is whether you have any recollection of these documents, whether you can place them in sequence in terms of which one came first and also whether you can recall the reason for the changes. And I think in looking at the first paragraph of the cover memorandum you can see the tone of the changes, which was to, if I can characterize it, to refine the description of the role of Israel and define it somewhat differently from the way it was in the other draft.

(Pause.)

- A You know, the files from which these come you should be able -- the files are usually in pretty good

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condition.

Q Admiral, for a lot of reasons, some of which relate to what Colonel North did on November 21 and some of which relate to the way in which the documents were reviewed by the FBI, they are not in perfect condition.

For example, the document that you are looking at, 38, indicates that it came from North's file. That's what the N stands for, and the document that is 39 also indicates that it came from North's file.

A That's the problem.

(Pause.)

Q Would it be helpful to you, Admiral, if I showed you what the changes were?

A Let me just skim it first and see what we've got here.

Q We have a marked up copy of it that does show the changes.

A Okay. That would be helpful.

(Pause.)

Q Are you able to tell by looking at them which came first?

A No, I can't. You'd have to have a pretty detailed memory.

Q Do you remember?

A I'm not even sure I've seen these drafts.

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Q Do you remember, Admiral, whether North told you prior to January 6 that he had spoken to the Attorney General and obtained legal advice?

A My recollection is that I went into the meeting on 7 January, which I think was the date of the meeting we had in the Oval Office, with my understanding, although I don't believe at that point I had personally spoken to the Attorney General, but my recollection is that I went into that meeting thinking that the Attorney General was on board and didn't see any legal problem as long as it was covered by a Finding.

Q Now the last page of Exhibit 39 has a draft of the Finding which has handwritten in it "and third parties", and there was testimony before the Tower Board, which was reported, that that was written in by Sporkin when he changed the January 6 Finding to the January 17 Finding. It bears the signature of Ronald Reagan.

Is this the Finding that you have previously testified that was in the President's briefing book and that he signed?

A I don't recall whether it was in his briefing book or whether I discussed it with him at the normal 9:30 that morning. I don't believe I testified before that it was in the briefing book. It could have been. I just don't recall. It was either in the briefing book or

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covered in the briefing.

I rather would guess that it was covered in the briefing.

Q Did you actually see him sign it?

A I can't remember that because that would depend on which way I did it. It could have been done either way.

Q Did you ever tell him, Mr. President, you signed this by mistake?

A I don't recall that.

Q Let me just show you --

A But on the 17th, when he signed the other version, I obviously would have discussed with him the changes that we felt were necessary in the 6 January.

Q We'll come to that. Now the differences between the two Exhibits I have given you, 38 and 39, are indicated in these sheets I'm going to hand you. The yellow means that that was taken out and the blue is what's added. If you will just look at it, you can see what the changes are.

The question is, does it refresh your recollection?

A Now yellow is --

Q Means that in the retyping that the yellow portions were deleted and the blue portions were substituted.

A That assumes a sequence, though. So the yellow is in this one and not in this one, and the blue is in this one and not in this one (indicating).

Q That's correct.

(Pause.)

Any recollection at all?

A It really doesn't help.

Q I am going to next mark some notes of yours that were found at the NSC. It's two pages -- the second one is being Xeroxed now and will be attached -- which refers to a January 7, 1986, memo -- January 7, 1986 meeting at 9:30 in the morning.

(The document referred to was marked Poindexter Exhibit Number 40 for identification.)

MR. BECKLER: I'd like the record to reflect that these notes are notes made by Admiral Poindexter in his own handwriting and the White House has refused to provide these notes to us but yet has provided them to the Senate and, I presume, to the Independent Counsel, and our first access to these notes takes place at the exact moment the questions are being asked about these notes.

MR. LIMAN: Your observation is noted and I

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have a slightly -- do you have the original copy there? I have a slightly better copy.

MR. LEON: I was just going to ask what the stamp number is in the upper righthand corner of the first page. Can you read it?

MR. LIMAN: N-7840, which is our Bates number.

MR. LIMAN: Let me show you the better copy that we have. You should understand, Mr. Beckler, that this is the condition in which we get them, too, so we get second, third or fifth generation copies.

MR. SMALL: But at least you get them.

MR. LEON: I don't even know if the House got these.

MR. EGGLESTON: I can represent for the record that the House got these and I have seen them.

(Pause.)

MR. BECKLER: That's endemic to the problem of this thing. It's a very slanted proceeding.

MR. LIMAN: I object to that and I don't think it has been a slanted proceeding. I think we've given every witness an opportunity to give his story. We have subjected them all to cross examination and if the mail that I've gotten indicates anything about slant, it's that some people think it's been slanted too much in favor of the contra cause.

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But let's go on.

MR. BECKLER: I would like to respond to that.

MR. LIMAN: You can respond to all those letters I'm getting.

MR. BECKLER: We have our own letters, too. But Minority Counsel's statement that he has not even known of the existence of these documents indicates the political nature of this proceeding.

MR. LIMAN: That's a lot of nonsense. He has had access to this, as have others there, and the fact that he doesn't remember every document or hasn't read every document is not something that should give rise to an inference. You ought to speak for yourself.

MR. LEON: Arthur, let me speak for myself, please. I know you'd like to speak for me. I'm just indicating that I'm not familiar with this particular document. It might in fact be in the storage of all the documents that the House has over in the House vault of the documents that we have set aside for Admiral Poindexter. I don't recall seeing this. That doesn't necessarily mean it's not over there.

MR. LIMAN: And you have access to all the documents that you have received.

MR. LEON: I hope so.

MR. EGGLESTON: I should say that we are

maintaining joint document access with the minority counsel because we have one large area where we keep documents and minority as well as majority have equal access to those documents.

MR. LIMAN: And I can vouch for majority and minority on my Committee.

MR. LEON: However, as to the Admiral's '86 calendar of appointments and the Admiral's telephone logs, there was only one copy, set of those provided by the White House to day, and those were provided to the Senate on a deal between the Senate and the White House, and I've been informed just this morning that the White House is going to provide a separate set of those for the House, majority and minority.

MR. LIMAN: Just so it's clear, we got those yesterday.

MS. FOLEY: Just yesterday?

MR. LIMAN: We were given access to them, I think a couple of days earlier to look at them but not allowed to have a copy, and we have now been entrusted with custody of these.

MR. BECKLER: I'm happy to hear that the Senate and the House have gotten copies of these things, but I'd like to say that we made a request for the Admiral's 9:30 file to the White House back in December

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of 1986 and we never got it till this morning.

THE WITNESS: And this isn't all of it.

MR. BECKLER: In fact, we've only been given one copy while we're being asked the questions, and this is what I mean about the collusion between the Independent Counsel, the Senate and the House and the White House.

MR. LIMAN: That's an outrageous statement, because if he's gotten a copy of his 9:30 file he's ahead of us.

MR. BECKLER: I just said he has not gotten it.

MR. LIMAN: I thought you just said he's gotten it today.

MR. BECKLER: No. The first time he's seen anything from his 9:30 file is when he's about to be asked a question about it, and we requested this material back in December. We were told by the White House that the Independent Counsel raises an objection to providing any information to our client because the Independent Counsel feels that if the White House cooperates in any way, shape or form the White House will be accused of obstruction of justice by the Independent Counsel.

He has put a chill over this. Therefore, he has prejudiced this proceeding as well as other

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proceedings.

MR. LIMAN: Mr. Beckler, your objection is noted.

MR. BECKLER: Thank you.

MR. LIMAN: The record will also reflect that we are showing to the Admiral these documents. I haven't asked him a question about this before I showed him the document. Whether the Independent Counsel agrees with my showing him documents or not I do not seem to have been inhibited, and so let's proceed.

BY MR. LIMAN: (Resuming)

Q Admiral, you are now looking at notes that you took; is that correct?

A That's my handwriting.

Q And do these refer to notes related to the meeting that you were having that day with the NSC principals?

A To put these two pages of Exhibit 40 in perspective, these are pages out of what I call my 9:30 file, which was a looseleaf file -- most of the pages were on yellow legal pad, but this one appears to be on a 5 by 7 note pad -- of agendas that I made up prior to my 9:30 meeting each morning with the President as to the items I wanted to cover with him.

MR. BECKLER: May I ask for a brief recess to

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discuss this with my client?

MR. LIMAN: Sure.

(A brief recess was taken.)

MR. LIMAN: Let's go on the record.

I'll take you through these notes. I'm going to try to avoid going through these documents which take you a considerable amount of time to read and which I understand that other than to the extent that they have been in the Tower report you haven't seen for a while.

I am going to extend an invitation to you and to your counsel to review these documents before our next session, which would be after you return from your holiday, and to give you an opportunity so that you can become reacquainted with some documents that you haven't seen for a while.

I think that's in the interest of the Committees, in your own interest, and the public interest, and to the extent that any of the questions that I will ask for the rest of this session really are matters that you don't have a recollection on but where if you had access to these documents it might refresh your recollection, then let me say to you that you should say that or your counsel should say that and we can postpone those questions until the next session.

MR. BECKLER: Mr. Liman, thank you for your statement. I gather it is precipitated somewhat by our off the record session. Let me just state that basically our concern transcends merely the opportunity to now examine a document before a question is answered.

As I said before, I have had a continuing concern which I have raised with you not only today but yesterday and in the past about the fact that everybody in the world has been given access -- well, let me not say everybody in the world, but let's say the Senate and the House have been given access to documents prepared by Admiral Poindexter but yet the Independent Counsel has denied us having access to these documents.

I believe that this entire proceeding is controlled somewhat or manipulated, with non fault of yours, Mr. Liman, by the Independent Counsel, because basically what has in effect happened is that one party to a litigation -- the litigation being the dispute between the House and the Senate and the various witnesses -- has been given access to relevant documents and the other party has not. And is has seriously prejudiced our client.

I also understood that we were going to come down here for two or three days this week. I had no idea that we were going to again be coming back, perhaps next week.

MR. LIMAN: Not next week. Next week he's going to be away.

MR. BECKLER: Excuse me, the week after next. And I cannot say with any certainty that we would be appearing the week after next.

MR. LIMAN: The problem is that since you have said that you want him to have an opportunity to review his documents before he completes his testimony I don't see how that's going to be done unless he comes back the following week.

MR. BECKLER: I have said that there is a fundamental unfairness at work here, and that is that back in December 1986 and into January of 1987 we made a request for such files as the 09:30 file. We were denied that request. We are now at the eleventh hour. The eleventh hour is now. The eleventh hour, as far as I'm concerned, is the week after next because this part of the litigation -- in other words, the House and Senate side of this case -- literally has hundreds of -- at least 50 people out here in a room. I don't know what they have been doing for six months, but we have not yet had access to these documents.

So the question, Mr. Liman, is not just the fact that give us this and we can read them next week before you come back in. It involves a lot more than that, and that's all I have to say.

MR. LIMAN: Mr. Beckler, some more objective observer of this scene than I am might comment that because of the events in November your client took a position that was adversarial to the government and not cooperative with it, that if you had complaints about the fact that you didn't have access to information, the Executive Branch in which he was employed had complaints that it did not have access to Admiral Poindexter.

And the Tower Report indeed said that, that it could not talk to him. Now I don't want to get in the middle of that other than to say that one of the issues in the hearings is whether Congress was treated as a co-equal branch. The one thing that we are not prepared to surrender in these hearings is our right to be treated as a co-equal branch.

The Independent Counsel does not dictate to us on what documents we have access to. The President waived executive privilege. We were confronted with limitations in terms of the compartments to which we were admitted, and they related to our mandate. We did not tell the Independent Counsel not to give your client access. The decision whether to give him access belonged to the White House.

I favored giving him access to these documents that we have now so that his testimony can be as accurate as possible. I really believe that in the light of the observations you have made today that your client's interest is going to be to let me proceed with some things which he may or may not remember or we can just terminate the examination now, let him have access to the documents, and resume for a day -- it shouldn't be more than that -- when he returns from vacation and wrap it up.

And I'll give you the option. It is of no great benefit to me to have to sit here while he reads through documents that he hasn't seen for nine months and wants to be sure that he has digested them all so that he doesn't make a misstatement in answering about them. So I give you that choice.

MR. BECKLER: Mr. Liman, I hope you don't confuse what I'm saying with a suggestion that you personally, Arthur Liman, are being unfair. I'm not saying that. What I'm saying is that unfortunately you are a victim of the situation like the rest of us in that, whether you like it or not, the way in which this immunity was constructed the timing -- that is, the manner in which he would be examined Admiral Poindexter, the manner in which he would be given access to documents, the manner in which the testimony would turn from private to public -- has all in some way or another been coordinated with the Independent Counsel.

And it is because of those strictures that certain rules have come into play here, certain rules as to access, certain rules as to who can see what and who can't see what. All of that has permeated your proceeding. I am not suggesting that you are unfair. What I am suggesting -- not suggesting. What I am stating is that the long hand of the Independent Counsel has woven itself into this proceeding to a point where I can see definite prejudice arising, not the least of which is this 9:30 file that we asked for four months ago.

MR. LIMAN: Well, the Independent Counsel did not tell us not to give him access to his papers. Whatever he said to the White House, he never said it to us and I think that maybe you want to counsel with your client for a few minutes more and tell us whether or not you want to proceed today or whether you want to resume after he's looked at his documents.

MR. BECKLER: We shall confer and we will come back in.

(A brief recess was taken.)

MR. LIMAN: What's your preference, Mr. Beckler?

MR. BECKLER: As I have stated before, we have real problems with the control mechanism that the Independent Counsel has executed over this whole proceeding, highlighted once again by the absence of us getting the complete 9:30 file, and we're not going to proceed any further at this time.

MR. LIMAN: Okay. Then I will ask you to return. If you need a subpoena, we'll give you one, but when Admiral Poindexter returns from his vacation we'll set the date, which would probably be Tuesday of that week, and I would like you to make arrangements to come over as soon as possible and we'll do a complete pull.

I have to tell you on the 9:30 file what we have are the redacted excerpts that relate to our matter. I will ask the White House counsel to let the Admiral see his whole 9:30 file because it seems to me that it's important that he be able to give his testimony in context and even if we're not admitted to a particular compartment if something there would refresh his recollection he ought to see it.

I don't know whether I'll be successful, Mr. Beckler, but if you call the White House as well maybe if they hear from both of us that he is on the verge of testifying that they will give him access to that whole file.

MR. BECKLER: All right. Let me just state also that I made no commitments that we will return after next week. I don't want there to be any misapprehensions on that fact. The 9:30 file is emblematic of a large problem.

And I should also state that we have correspondence in our files -- I don't have them with me right now -- where the Independent Counsel has affirmatively instructed the White House not to provide that kind of information to us. I was reminded of that at our break, but I just wanted to point that out to you.

MR. LIMAN: Mr. Beckler, we expect him back, and the last thing in the world that I think this country needs is a contempt proceeding against a former National Security Advisor. I think that the Admiral knows that we have tried to be cooperative with him and we intend to continue to be cooperative so that he has as much documentation as we can give him to enable him to give testimony.

Now he's not a file clerk and I don't intend to have an examination about, you know, this document or that document, which is the stuff which you do with files clerks. I mean, there are some documents that are important. There are a lot of other documents which we have just showed to see whether or not they trigger a recollection, but he will have available those files that we have that were documents to or from him, and I hope he will have whatever he needs in his 9:30 file and whatever he needs in looking over his phone logs or appointment logs so that to the extent that particular time periods are important they are available to him.

MR. BECKLER: Well, Mr. Liman, as I said before, I have no problem with your cooperation. Unfortunately, that's not the problem.

MR. LIMAN: But I think that it's critical that he come back.

MR. BECKLER: We will take that under advisement. Thank you.

(Whereupon, at 12:14 p.m., the taking of the instant deposition recessed, to reconvene at a future date.)

____

Signature of the Witness

Subscribed and sworn to before me this ________ day of

____________________________, 1987.

____

Notary Public

My Commission Expires: ________________________________

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CERTIFICATE OF REPORTER

I, Michal A. Schafer, the officer before whom the foregoing deposition was taken, do hereby certify that the witness whose testimony appears in the foregoing deposition was duly sworn by ME; that the testimony of said witness was taken by me to the best of my ability and thereafter reduced to typewriti under my direction; that said deposition is a true record of the testimon given by said witness; that I am neither counsel for, related to, nor employed by any of the parties to the action in which this deposition was taken, and further that I am not a relative or employee of any attorney or counsel employed by the parties thereto, nor financially or otherwise interested in the outcome of the action.

Michal Ann Schafer
NOTARY PUBLIC

My Commission expires: 2/28/90

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Partially Declassified/Released on 19 July 1987
under provisions of E.O. 12356
by B. Reger, National Security Council

DEPOSITION OF
JOHN M. POINDEXTER

Select Committee to Investigate
Covert Arms Transactions with
Iran,
U.S. House of Representatives,
Washington, D.C.

Thursday, July 2, 1987

The deposition reconvened at 12:45 p.m. in Room 901, Hart Building, subject to a change in reporters.

Present: Arthur L. Liman, Chief Counsel; James E. Kaplan, Associate Counsel, United States Senate Select Committee on Secret Military Assistance to Iran and the Nicaraguan Opposition; W. Neil Eggleston, Deputy Chief Counsel; and Richard J. Leon, Deputy Chief Minority Counsel, House Select Committee to Investigate Covert Arms Transactions with Iran.

Also Present: Joseph T. Small Jr. and Richard W. Beckler, Fulbright & Jaworski, attorneys at law.

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12:45 pm Whereupon,

JOHN M. POINDEXTER

having been previously duly sworn, was recalled as a witness herein, and was further examined and testified as follows:

BY MR. LIMAN:

Q I have a question pending.

The question pending is, did you ever withhold any documents from Admiral Holloway when you were his Executive Assistant in order to give him deniability?

MR. BECKLER: Objection.

Do not answer that question.

BY MR. LIMAN:

Q Did you ever instruct any of your subordinates at the National Security Council to withhold information from you in order to give you deniability?

MR. BECKLER: You can answer that.

THE WITNESS: No, I did not. Not to my knowledge.

BY MR. LIMAN:

Q The records that we have seen, Admiral Poindexter, show that Ghorbanifar met with North in Washington, D.C. on April 3 and April 4, 1986, to discuss arrangements for delivery of Hawk parts and hostages and the upcoming meeting. That is in the Tower Report, as well.

Do you have any recollection as you sit here today as to whether you briefed the President of the United States

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on the meetings that North was having with Ghorbanifar?

MR. BECKLER: I have a continuing objection.

Let's put it on the record at this time. I don't think the reporter was here before.

Approximately two weeks ago we had a discussion, which went on the record at the time of the deposition in which we stated our position that we have been requesting since December of 1986 the 0930 file and we finally found out late yesterday we could have some access to it today, which is unfortunately -- without access to that file we are not prepared to answer questions about discussions with the President.

Furthermore, I must say that this is not necessarily the fault of the Senate Investigating Committee or the House Investigating Committee, but rather it is yet another indication of the Independent Counsel's attempt to, one, give us immunity; two, try in every way he can to prosecute us both for perjury as well as substantive offenses by withholding our access to documents which parties to litigation have, namely, the Senate has access to.

There has been a chain of events that have made it almost impossible for Admiral Poindexter to adequately answer any kinds of questions having to do with documents, access to it, when and how he should get them, the fact that we have looked at documents and we get them back and they come back

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to us from the Senate and they are reshuffled. There are all kinds of problems.

We have been down here for 15 hours. We have testified on the record.

Many of these events that you are talking about relate to events that have been testified to before.

MR. LIMAN: There has been no testimony about whether he kept the President informed about Colonel North's negotiations with Ghorbanifar.

Did you?

MR. BECKLER: We are not going to answer questions about conversations with the President. We have already said that.

BY MR. LIMAN:

Q Do you have any recollection on this subject?

Bearing in mind that your recollection may be refreshed if you see a 0930 file, do you have any recollection?

A Recollection of what?

Q Of keeping the President informed about North's negotiations with Ghorbanifar.

MR. BECKLER: You can say you have a recollection. You do have a recollection. You can say that.

THE WITNESS: I have a recollection.

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BY MR. LIMAN:

Q And can you tell me generally whether you did keep the President informed of North's negotiations with Ghorbanifar?

MR. BECKLER: At what period of time?

MR. LIMAN: Let's take the period in the month or two leading up to the Tehran mission.

MR. BECKLER: Let's confer. Let's go outside here.

(Discussion off the record.)

BY MR. LIMAN:

Q Is there an answer to the question?

MR. BECKLER: No.

MR. LIMAN: You are not letting him answer?

MR. BECKLER: That is correct.

BY MR. LIMAN:

Q Admiral Poindexter, what is it you believe is in your 930 files other than notes?

MR. BECKLER: We are not going --

BY MR. LIMAN:

Q What do 930 files contain other than your notes?

A They contain agendas of the items I discussed with the President.

Q The handwritten notes?

A The handwritten notes.

MR. LIMAN: Mr. Beckler, the documents which we

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made available to you according to the NSC contain all of the references in his notes to Iran or the contras. The reason that we don't have the entire 930 file is because they gave us only those portions which pertain to this.

I don't see what basis there is for his refusing to give his recollection today as to whether he kept the President informed of discussions with Ghorbanifar. He says he has some recollection, he hasn't said there is any document that would refresh him on that, and whatever he says on this is subject to amplification or, as far as I am concerned, correction if there is some document that would lead to that result.

We are not trying -- I will make this clear, because you are concerned the Independent Counsel will get this transcript and if he makes a mistake will say, I am going to prosecute him.

I am asking him for recollection of what he told the President on this subject. He has an obligation to give his honest recollection of that subject. That is all.

MR. BECKLER: I appreciate what you are saying, Arthur.

Let's roll the clock back to December of 1986. We made a request not for a lot of documents, but some relevant documents. We are told by the White House -- you would hope you could rely on the White House counsel. Peter Wallison

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writes us back saying documents are in the mail, coming to you. We don't get them. Along comes Arthur Liman, John Nields, and their investigative committee in their efforts to make the public aware of the facts, and we are told by you, Arthur Liman, that we will get the documents, not initially, because you want to, quote, "test his credibility", test Admiral Poindexter's credibility, you want to do it over the course of a whole weekend.

We said, okay, fine, you can test his credibility. That was May 1 and May 2. As it turned out, we only used Saturday, May 2. We had blocked out the weekend for that. After testing the credibility, which I view as just that, testing someone's credibility, which means is he telling the truth or is he not telling the truth, we renew our request for documents, and we don't see any documents.

We don't see any documents until two days ago basically, some almost two months later. When do we see them?

Just when we are coming back down here. Now, that is what I am talking about.

Now, I understand that that is not your fault, per se. Because the reason for that is because the White House won't make the move without the Independent Counsel telling the White House what it can or cannot do.

As I said on the record, two weeks ago the

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Independent Counsel told the White House if they cooperate with anybody, they are going to be charged with obstruction. So the problem is the Independent Counsel. And the reason why, it is not only the documents, it is the transcripts, as well.

May 2, when do we get to look at the transcript? The day before his testimony, two months later.

Why? Because there is an agreement with the Independent Counsel that the stenographer's notes will not be transcribed until "X" date and so forth and so on.

There is an agreement with the Independent Counsel as to when those transcripts will be allowed to leave this room and this premises. It is ludicrous to say that a transcript such as this of a deposition, which I presume if in good faith you are preparing for your public testimony, that this transcript, and I refer now to the transcript of Saturday, May 2, 1987, 99 percent of this will become public whenever Admiral Poindexter testifies, but yet this transcript is not allowed to be in our possession outside of certain hours on certain days and at certain times, all because of agreements with the Independent Counsel.

MR. LIMAN: No, sir. The reason you can't have the transcript is because it is top secret. We are not going to release this transcript.

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If we do, it would have to be declassified. In general, we have not when a witness has testified in public session also produced his transcript.

MR. BECKLER: We are not asking to have the public.

MR. LIMAN: That is the problem inherent in this situation. If there was a document, Mr. Beckler, that I could show him from the excerpts of the briefing notes that would refresh his recollection on Ghorbanifar in April or May, I would give it to him.

I don't have that. He has had the Tower Report, he has had additional documents. He has a recollection. Whatever that recollection is, I am entitled to it.

He is also entitled to say that this is my best recollection now and it could be refreshed by more if it exists.

You have taken a position, I am not going to spend the rest of the day debating with you. Either you let him answer the question or it will be held until the public hearings.

MR. BECKLER: Let's hold it till the public hearings.

MR. LIMAN: Let's go on.

BY MR. LIMAN:

Q Let's go to November 25, 1986. On November 26, 1986,

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which is the day that North is --

MR. BECKLER: November 26?

MR. LIMAN: November 25, 1986, which is the day that you resigned your position and Colonel North was fired.

BY MR. LIMAN:

Q Did you have any conversation with him about a conversation or proposed conversation between the Vice President and Peres of Israel?

A I am not certain.

Q Did you ever have any discussion --

A May have. I just have no recollection.

Q Did you ever have any discussion with the Vice President about trying to persuade Israel to acknowledge responsibility for the diversion of funds?

A Did I ever have any conversation with anybody?

Q With the Vice President?

A With the Vice President?

I don't believe so.

Q With anyone?

A I don't think so.

Q I said with anyone. I want to make sure you heard that.

A I don't think so.

MR. BECKLER: Subject to refreshing your recollection. If you got documents there that catalogue the

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conversation, we will be happy to talk about it.

THE WITNESS: Would you rephrase the last question, please?

BY MR. LIMAN:

Q Did you have any conversation with anyone in November of 1986 about inducing Israel to accept responsibility for the diversion of proceeds from the Iranian arms sales to support the contras?

A I don't recall any conversation like that.

MR. BECKLER: On that date?

THE WITNESS: On that date.

BY MR. LIMAN:

Q Or in November of 1986?

A Nor in November of 1986.

Q Do you recall any conversation as to whether Israel was aware of the diversion?

A Yes.

Q With whom did you have that conversation?

A I had a conversation with Colonel North at some point, the latter part of November, as to whether Nir was aware --

Q Aware of the diversion?

A -- of the diversion.

Q Was this before or after the Attorney General had spoken to North?

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A I think it was after. It was probably on Monday.

Q Monday would have been the 24th?

A Probably.

Q What do you recall of that conversation, Admiral?

A I simply recall telling Colonel North that he needed to be sure that the Israelis were not surprised, or words to that effect.

Q Do I understand that what you were conveying to him was that he should advise the Israelis that this was going to come out?

A That is correct.

Q You indicated before that you wanted accurate, factual chronologies. Do you recall that?

A That is correct.

Q And that the one thing that was not to be in the chronologies was the diversion?

A That is correct.

Q Did you tell that to Oliver North?

A I believe I did. Certainly that was my intent. I think I communicated it to him.

It is important, I think, in terms of the circumstances that existed in November that -- the thing that had leaped out was the Iranian project, so all of the focus of the chronology and a narrative of the affair was oriented towards Iran, not towards the contras, which I always considered a separate issue.

Q You considered a separate issue as to how the money that was generated by the arms sales was spent?

A That is correct.

MR. LEON: Let me ask one question on that point. Arthur questioned you about before about Ollie's discussions with you with regard to Nir --

THE WITNESS: It was really my discussion --

BY MR. LEON:

Q Excuse me. Had he at any time on that day, prior to that day, said to you in any way, shape or form that it was Nir's idea or Israel's idea to divert the funds?

A I don't recall that.

BY MR. LIMAN:

Q Do you recall that you testified at your first session that North told you some time in February, and you weren't precise on the date, that he had figured out a way of getting some money to the contras from the arms sales?

A I can't remember his exact words, but that was my memory.

Q As you sit here today, is it your best recollection that this was something that North came up with and was presented to you?

A I don't think I would say that it was something he came up with. From my recollection of our conversation cn that, it wasn't at all clear to me who came up with the idea.

Q Did you ask him?

A I don't recall asking him that.

Q Did he ever mention whether it was Secord?

A I just don't know that.

Q Ghorbanifar?

A I am sorry, I don't recall.

Q Nir?

A He was just --

MR. BECKLER: You have answered the question.

MR. LIMAN: I will mark as the next exhibit two notes from Admiral Poindexter, one dated April 16, 1986, the other dated April 22, 1986. The first is to Oliver North, the second is to McFarlane.

(Exhibits 41 and 42 were marked for identification.)

BY MR. LIMAN:

Q Admiral, if you look at 41, this is a PROF note that is from you to Oliver North, and it states, among other things, that "there are not to be any parts delivered until all the hostages are free in accordance with the plan that you laid out for me before."

It goes on to say, "Also, you may tell them that the President is getting very annoyed at their continual stalling."

Now, first, do you recall telling Colonel North at or about this date that the hostages had to be freed before there would be any parts delivered?

A Yes, I recall that.

Q And was it a fact also that the President was becoming annoyed at the stalling?

A To the best of my knowledge.

Q And the memorandum, rather, the PROF note, Admiral, from you, Admiral Poindexter, to Mr. McFarlane dated April 22, 1986 also has a reference to the fact that the sequence has to be meeting, release of hostages, delivery of Hawk parts, the President is getting quite discouraged by this effort.

Is that an accurate reflection of the President's attitude at that time?

A In my opinion.

Q Was that based upon your conversations with the President?

A That is correct.

Q I neglected to ask you when I was asking you about the conversations on the diversion in November, do you recall whether prior to Colonel North's meeting with the Attorney General, did he ever ask you point blank whether you had discussed the diversion with the President of the United States?

A I don't remember that.

Q Were you aware that North was going to be meeting with the President of the United States on that Sunday, November 23, with the Attorney General on November 23?

A I don't believe I was aware of that.

Q And you testified that after the meeting he called you.

A That is right.

Q And he told you at that time that the diversion had come up, correct?

A Yes.

Q He also met with you the following morning on this subject?

A I believe he did, or we may have talked by telephone, I am not sure.

Q Either in that telephone conversation on Sunday or in the meeting on Monday, did he ask you whether the President of the United States was aware?

A I am almost certain that he didn't in the telephone call. And I don't remember in the meeting on Monday, it is possible, but I don't remember that.

Q Did you ask him whether the Attorney General had asked him about the President's knowledge?

A I simply don't remember that. My recollection of that is not very clear.

Q When is the first time that you recall Oliver North asking you whether the President was aware of the diversion?

A Say that again.

Q When is the first time, if any, that you recall Oliver North asking you about whether the President was aware of the diversion?

A I don't recall his asking me that.

Q Do you recall ever telling him that?

A No, I don't recall that.

Q Now, there came a time when the Attorney General asked you about your knowledge of the diversion, am I correct?

A That is correct.

Q And that was on the Monday?

A That is correct.

Q Did you tell that Attorney General that you had approved the diversion?

A My recollection is that I told the Attorney General that I had a general knowledge of the diversion.

Q Why didn't you tell him you had approved it?

A I don't know. Instinct thought it was better not to at the time, I think.

Q Instinct for what?

A I just wasn't sure what was going to happen at that point, and just decided to say it that way, which was true.

Q When you say what was going to happen, what do you

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mean by that?

A Well, it wasn't at all clear. I offered to resign, and it wasn't clear whether I would or wouldn't at that point, and I just decided to be cautious.

Q Was the Attorney General upset about the diversion when he talked to you?

A No, he was not.

Q Did he suggest to you in any way that this might lead to an independent counsel or criminal prosecution?

A No, he did not.

Q He didn't give you warnings, I take it?

A No. It was a very informal chat in my office that lasted a very short period of time.

Q Was Don Regan with him when he was asking you these questions?

A No, he wasn't. It was just Ed Meese and me.

Q Did the Attorney General ask you whether the President knew?

A I don't recall he asked me that question.

Q Did you have your meeting with Don Regan -- was it afterwards?

A No. Well, it was afterwards, yes, the following day.

MR. BECKLER: This would have been on what day now?

THE WITNESS: Tuesday, the 25th.

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BY MR. LIMAN:

Q What did Don Regan say to you about the diversion and what did you say to him?

A I think, as I recall, I told him the same thing that I had told the Attorney General, that I had general knowledge of the diversion and that I was going to resign.

Q Did Don Regan put the question to you, "Did you tell the President about it?"

A I don't recall that. He may have. I just don't recall it.

Q Did anyone say to you, other than the Attorney General and Don Regan, "Admiral Poindexter, why did you do such a stupid thing as ~~leeting~~ letting this happen?"

MR. BECKLER: I have got to object to that.

BY MR. LIMAN:

Q Okay. Did anyone say to you, Admiral Poindexter -- did either the Attorney General or Don Regan say to you, "Why did you let this happen?" Words or substance.

A That sort of expression was never made.

Q Did they scold you in any way?

A None whatsoever.

Q There was no sense of reprimand?

A None.

MR. BECKLER: Off the record.

(Off the record.)

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BY MR. LIMAN:

Q Did they compliment you for the fact it was a way of getting funds for the contras from the Ayatollah?

A No. I don't recall that.

Q Did they express sympathy for your situation?

A Yes, they did.

Q Who was it that expressed sympathy? The whole White House group?

A The Attorney General, Don Regan, the President and Vice President.

MR. BECKLER: Let's clarify that.

BY MR. LIMAN:

Q What did the Vice President say?

A That may be an unfair characterization.

Q If we know what he said --

A I can't remember exactly what he said. The impression I have at this point was that he, with the others, regretted that the situation --

MR. BECKLER: What situation, that you were resigning?

A That I was resigning. That is what I was going to say.

BY MR. LIMAN:

Q Were you going to say that the situation really made it necessary for you to resign?

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A As I have said before, my whole rationale in telling the Attorney General on Monday that I was prepared to resign was that I thought that would give the President more latitude in how he handled the case.

Q And the President, I think you said, commented to you that the captain has to take responsibility?

A He didn't say it quite that way. He said it is in the tradition of the captain accepting responsibility.

Q Is that the naval tradition?

A Yes, it is.

Q And in this case the captain was the admiral, not the commander-in-chief?

A That is correct.

MR. BECKLER: Remember, an admiral can be a captain, the captain of a ship. It is possible in the sense, you know -

MR. LIMAN: Okay.

BY MR. LIMAN:

Q And the words of the Attorney General, were they to the same effect, about being sorry that you had to resign?

A Yes.

Q And Regan?

A The same.

Q Do you have any knowledge as to whether the Vice President knew anything about the diversion prior to that

[redacted]

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Monday or Tuesday?

A I have no reason to believe that he did.

Q Or his National Security Adviser?

A Not to my knowledge.

MR. BECKLER: I just want to clarify that. He is not called National Security Adviser.

MR. LIMAN: He calls himself the National Security Adviser to the Vice President, the first one the Vice President has ever had.

BY MR. LIMAN:

Q At the last session we reviewed minutes of the NSPG on May 16, 1986, at which there was a discussion of third-country funding, a suggestion by the Secretary of State that that was the only practical means of getting bridge funding and a conclusion at the meeting that a list of potential third-country donors would be prepared. Do you remember that?

A I remember that.

Q Now, that meeting of the NSPG was on May 16.

I want to show you a document that has been marked previously as Exhibit 18, which was written at 4/19, the very same day, by Oliver North to you.

MR. LEON: Hold it, Arthur. I think you just stated 4/19/86, and this document says 5/16.

MR. LIMAN: 5/16.

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THE WITNESS: Is this an exhibit?

MR. LIMAN: Yes.

MR. BECKLER: This is number 18.

MR. LIMAN: I said that it was written at 419, the same day I think. 419 p.m.

MR. BECKLER: 1600, that is 4:00 p.m.

BY MR. LIMAN:

Q What I am going to direct your attention to, Admiral, is Colonel North's statement "you should be aware that the resistance support organization now has more than $6 million available for immediate disbursement. This reduces the need to go to third countries for help."

Remember, we went over this PROF note before.

A Yes.

MR. BECKLER: Let's take a look at it, unless it is going to be just a low-ball question.

MR. LIMAN: It is going to be a very low-ball question.

BY MR. LIMAN:

Q Did you discuss with anyone other than Colonel North the fact that the need for bridge funding from third countries was now going to be less than what was discussed earlier in the afternoon at the NSPG meeting?

A I did not, to the best of my knowledge.

Q Did you report to the President of the money that you had been talking about in bridge funding that Colonel North had indicated that six million was already available?

MR. BECKLER: Arthur, I have a continuing objection to his reports to the President based on my previous objection.

I am going to direct him not to answer that.

MR. LEON: Mr. Beckler, let me ask you a question. Is it your position that if you get an opportunity that you deem to be sufficient in terms of amount of time to review this 0930 file, that having done that, let's say next week, at the beginning of next week, that having done that you would be willing and available to answer questions like the one Mr. Liman just propounded?

MR. BECKLER: The answer is no. We are at the 11th hour. My client and I and my co-counsel, Mr. Small, are going to be preparing extensively all next week amongst ourselves.

We also have an obligation, as I am sure anyone would, to watch the testimony, if he testifies. I don't know if he will or not.

The fact is we have answered the questions on conversations with the President. Our next group of questions on that will be in public testimony.

MR. LEON: Mr. Beckler, Colonel North doesn't take the stand until Tuesday, as of today's plan. And if those files that you have been referring to here extensively were available to you Monday morning, let's say, to review for a number of hours, couldn't at that point, having reviewed them and refreshed his recollection more fully, the Admiral be available to answer those questions?

MR. BECKLER: No. That is the whole point that I was saying, Mr. Leon, before. We have been up here, we have testified, we have answered questions about the Admiral's conversations with the President.

We made a request a long time ago for these documents we haven't gotten them. Giving them to us now makes no difference.

MR. LIMAN: Did you give your portions of the 930 file to the NSC? You had notes of meetings of the President we got pursuant to immunity.

MR. SMALL: We never had -- the 930 file --

MR. LIMAN: You may not call those notes of briefings with the President which you produced to us the first day pursuant to the immunity order part of the 930 file, but what I have gotten from the NSC as the portions of the 930 file are almost indistinguishable from what you produced to us.

MR. BECKLER: I am telling you what we produced to you was not anything from the 0930 file. When did we produce them to you?

MR. LIMAN: Pursuant to an immunity order.

MR. BECKLER: When?

May 2. What did we get back? Zero. Nothing.

MR. LIMAN: I am going to tell you, I think you are probably going to find on this subject in the 930 files very, very little, because the 930 files that we have seen on just these kinds of little notes do not purport to be a full account of what happened at meetings with the President.

Let me ask you questions.

BY MR. LIMAN:

Q In the 930 file, was there a listing of all subjects discussed with the President?

A Usually. Sometimes I would add things the last minute which weren't on the agenda, but generally that is true.

Q And was this true while you were the National Security Advis~~o~~er?

A That is correct.

Q So that in your 930 file you would list what you intended to discuss with the President of the United States?

A That is correct.

Q And would that be presented to him as an agenda of the meeting?

A No. I -- well, in effect, it was the agenda for the meeting, but I didn't give him a copy. I just had it in front of me.

Q Were they typed?

A No, handwritten.

Q Just handwritten notes?

A Yes.

Q Were there subjects that you discussed that sometimes were not on those notes?

A That is correct. Sometimes he would ask me a question which I hadn't planned to discuss, but then we would go ahead and discuss it?

Q Did you always cover every subject that was on those little handwritten notes?

A Not all the time, no.

Q Were these notes that you prepared for the 930 file really reminders to you of subjects that you wanted to take up?

A That is correct.

Q And is it fair to say that there would be occasions you wouldn't cover all those subjects.

A That is correct.

Q And there would be occasions when you would cover subjects that weren't on there?

A That is correct.

Q How would you know from looking at your 930 file which subjects were covered and which ones weren't?

MR. BECKLER: You don't have to answer that.

MR. LIMAN: Would you mark as the next exhibit a PROF note from the Admiral to Mr. Fortier. It is dated May 2, 1986.

(Exhibit 43 was marked for identification.)

BY MR. LIMAN:

Q Admiral, if you will look at this PROF note, I will direct your attention to the second paragraph where it says "Next, yesterday in a meeting that I had with the President, he started the conversation with 'I am really serious. If we can't move the contra package before June 9, I want to figure out a way to take action unilaterally to provide assistance.' "

Do you see that?

A Yes, sir.

Q Do you remember that conversation?

A Vaguely.

Q If you put it down in this PROF note to Mr. Fortier, did it happen?

A Yes.

Q Do you remember what unilateral action the President of the United States was considering taking?

A I don't recall that he specified any, but he was not willing to drop the support of his objective of establishing a democracy. That was clear -- the position on that was clear from sometime in 1981 until I left the White House.

Q Had he ever before said that he wanted to take action unilaterally?

A I can't say that I can recall his using that exact formulation before.

Q The word "unilaterally", does that mean taking action without congressional approval? Is that what you were conveying?

A That is what I was conveying.

Q And that the President would be exercising his constitutional prerogatives?

A That is correct.

Q And do you remember that Colonel North got hold of this and suggested the way to take action unilaterally was to seize a part of Nicaragua and recognize it?

A I remember that Colonel North replied to this -- I believe I sent him a copy of it, yes, I did.

Q In any event, you never approve[redacted]

A That was never approved.

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Q Was it ever elevated to the President?

A I can't recall that.

Q Is it fair to say only if you regarded something as a serious, feasible proposal that you would elevate it to the President?

A That is correct.

MR. LEON: Before you switch subjects --

THE WITNESS: I am not saying that it wasn't serious.

MR. LIMAN: I said "feasible" also.

MR. LEON: On this one point when the President suggested he might act unilaterally, did he give you the impression in any way, shape or form by suggesting that he intended to act outside of the law in any way?

THE WITNESS: None whatsoever. All with -- the point, as I recall, is that he wanted us to think about ways he would under the Constitution lawfully act unilaterally.

MR. LIMAN: Mark as the next exhibits two memoranda, one from Oliver North to you dated July 17, 1986 --

MR. LEON: That will be Exhibit 44?

MR. LIMAN: Yes. And Exhibit 45 is a memorandum of July 28, 1986 from you to the President that was prepared by Oliver North and bears the initials "R.R." After you have looked at it, the question I have is for you to

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explain to me why you elevated this issue of Mr. Terrell to the President of the United States.

(Exhibits 44 and 45 were marked for identification.)

MR. BECKLER: What is the page number?

MR. LIMAN: It is right on the --

MR. BECKLER: Somebody flipped over something to me that is different.

MR. LIMAN: One is the memorandum from Mr. North to Mr. Poindexter, and it has, if you look at that -- that is Exhibit 44.

If you look at page 2 --

MR. BECKLER: Which one do you have there, Arthur? What is on the top, memorandum for the President?

MR. LIMAN: That is Exhibit 45.

MR. BECKLER: What is the number of that?

MR. LIMAN: That is 45.

MR. BECKLER: All right.

MR. LIMAN: The other memorandum, which is 44, is a memorandum from Oliver North with the recommendation that says "that you discuss this matter with the Attorney General and the President, as appropriate."

MR. BECKLER: There is one marked 45907.

MR. KAPLAN: It is probably just a mistake in copying.

MR. LEON: That should be an attachment. N-45907,

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Mr. Beckler, which is a memorandum from Colonel North to Admiral Poindexter on July 25 is attached as an addition to Exhibit 45, which is the memo from the Admiral to the President, N-45896.

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BY MR. LIMAN:

Q Look at Exhibit 44. Is that your handwriting?

A Yes.

Q What does it say?

A "Ollie, give me another memo for the President, this time including the results of OSG. What do you want me to tell the AG?

Q If you look at Exhibit 45, are those your initials on the memorandum to the President?

A Yes, they are.

Q Are those the President's initials, do you know?

A Yes.

Q That means that he has seen that memorandum?

A That he has seen it and probably read it.

Q And it was your decision to present this to the President of the United States?

A That is correct.

Q Do you recall the incident now, as you sit here now?

A No. I haven't had a chance to read either one of them yet.

Q Well, if you look at -- I would ask you to look at 44. Tell me as you read Exhibit 44 why it is that you asked Oliver North to prepare a memorandum from you to the President of the United States?

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A Your question is?

Q Why did you elevate that to the President?

A Because the talks about a possibile assassination attempt against him.

Q That was the reason for sending that to the President?

A Those things are always judgment calls, but reading it now, I would guess that that was my rationale.

Q What is the reference in that memorandum to Project Democracy Security Officer, and who is the Project Democracy Security Officer?

A I don't know that.

Q Did you ever discuss with the President of the United States the lawsuit that is described here as Avirgan/Honey lawsuit, in the first paragraph of the note?

A I don't know the answer to that.

Q At the time that you elevated this to the President of the United States, did anyone tell you other than North that Terrell was threatening the President of the United States?

MR. BECKLER: Wait a minute. You said in the first paragraph of his note to the President, there is a lawsuit --

MR. LIMAN: I did not say that, and if you would listen and stop interrupting the examination, he is looking at the memorandum from North to him, which led him to ask

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North to prepare the memo for the President. At the time he asked North to prepare the memo for the President, he obviously didn't have a memorandum to the President in front of him. I am asking him what in the memorandum from North led him to do it.

Now, the question was: did you ever discuss with the President this lawsuit?

MR. LEON: In Exhibit 44, Arthur, right?

THE WITNESS: Is that in Exhibit 45?

MR. BECKLER: You have to read Exhibit 45. That is what I am saying. What he discussed with the President is in his memo from him to the President.

MR. LIMAN: Is that your testimony? The only thing you discussed with the --

MR. BECKLER: That is not his testimony. In light of the question -- the best thing as to what he told the President is what is in the memo from him to the President not what is in the memo from North to him.

MR. LIMAN: That is your testimony, discussion is in the memo?

MR. BECKLER: My testimony is as good as yours.

MR. LIMAN: Mine was a question.

MR. BECKLER: Yours was more than a question.

MR. LIMAN: Is this the way you intend to conduct yourself at our hearings?

MR. BECKLER: I intend to protect the rights of my client, period. That is what I intend to do.

BY MR. LIMAN: I would like the record to reflect, Mr. Beckler, there is a difference between protecting the rights of a client and obstruction of an examination.

MR. BECKLER: If you are calling me on obstruction of an investigation, that is your prerogative, Mr. Liman. We will let others judge that. You know, I find it interesting, too. I read in the paper the other day that others were accused of obstruction of investigation, too. Is that the tactic of this committee, to accuse lawyers of obstructing an investigation because they object to certain questions?

MR. LIMAN: I didn't see anything in the paper about that, nor did I --

MR. BECKLER: I read something in the paper the other day about obstruction by lawyers with a reference to documents.

MR. LIMAN: You ~~didn't here~~ didn't hear it from us.

MR. BECKLER: I read it in the paper. But I am hearing it from you, which confirms some of the things I read in newspapers when you talk about obstructing investigations.

MR. LIMAN: The record will reflect the way you are conducting yourselves today.

MR. BECKLER: The record will reflect the way you are conducting yourselves.

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This isn't my 20 minutes. I am excluding from my 20 minutes his speeches.

MR. LEON: Off the record.

(Discussion off the record.)

THE WITNESS: I have read both of them now. What is the question?

BY MR. LIMAN:

Q The question is: Did you discuss that lawsuit with the President of the United States?

A Well, it is mentioned in the second page of Exhibit 45.

Q Do you have any recollection of discussing it with the President of the United States?

A I don't have any -- other than this memo -- I don't have any other recollection.

Q Did you follow the progress of that lawsuit?

A I did not.

Q Were you aware that a lawsuit was brought against Secord and others?

A I obviously was, because that is covered in --

Q In the exhibit?

A -- In Exhibit 44.

Q Were you aware of the fact a lawsuit was brought against Secord and others before this was sent to you?

A I can't remember that. I may have been. But,

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as I said, I did not follow that closely.

Q Did Colonel North tell you that he felt he was being harassed at his home by opponents of the contras?

A I, yes, recall -- I am not sure ~~tat~~ that his home was harassed.

Q Did he ever ask you to seek protection for him?

A I can't recall that. You know, that is something that probably would not have come to me. It would have come to the administrative people on the staff.

Q You just don't recall?

A I just don't recall. The one incident I do recall, and I am not sure Colonel North told me or somebody else, but I was aware that somebody had done some damage to one of his automobiles or something. I can't remember exactly what it was, but he was clearly in a vulnerable position.

Q Were there mechanisms for providing protection for people in vulnerable positions?

A For senior people, the government does have provisions.

Q Did he ever ask your permission to have General Secord provide a security system for him?

A I don't recall that.

MR. LIMAN: I will mark as the next exhibit a memorandum dated July 29, 1986, from Oliver North to you entitled "Next steps on the American hostages."

(Exhibit Number 46 was marked for identification.)

BY MR. LIMAN:

Q Admiral, the only question I am going to have on this one is if you look at the last page. It says, "recommendations, that you brief the President regarding our conclusions on the Jenco release as indicated above and obtain his approval for having the 240 Hawk missile parts shipped from Israel to Iran as soon as possible, followed by a meeting with the Iranians in Europe."

Then is that your signature or initials -- JP -- next to approved?

A It is.

Q It says "President approved, JP." That is your writing?

A That is my writing.

Q Does that signify you in fact briefed the President and he approved what was proposed?

A That is correct.

Q And this is a System 4 document?

A Yes, it is.

Q Were you familiar with the System 4?

A Yes.

Q And did you ever ask anyone to delete any documents from System 4?

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A The only conversation that I can recall even that is remotely connected to that is the one I gave you on May 2, my conversation with Mr. DeGraffenreid.

Q Were you familiar with the steps that would have to be taken to delete a document System 4 so there would be no reference to it left in the files?

A I can't say I was that familiar with the details of how the files were maintained.

Q It is fair to say you never actually worked with the computer to remove the reference to documents in System 4.

A No, I did not.

Q Did anyone ever tell you that there were any System 4 documents that referred to the [redacted] diversion?

A No, I don't believe so.

Q Now, let's go to exhibit --

MR. LEON: While he is looking for that, would you look at the last page of that last exhibit? It has a number 44489. It says in the middle in handwriting, "seven pages withdrawn." It looks like "4020-87, with the initials LDC. Do you recognize the initials?

A No.

Q Have you ever seen this page, this document numbers N 44489, that is attached to this memorandum of July 29 prior to today?

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A I don't believe so.

Q You had no knowledge or involvement in the withdrawal of those seven pages, as indicated in that notification, did you?

A No.

BY MR. LIMAN:

Q That is not going to come out of my time either, I can assure you, because I think you are well aware those seven pages were withdrawn by the NSC, because they did not feel that they ought to be shared with the committees, that we needed them.

MR. LEON: I didn't know that.

MR. LIMAN: You can see the date -- 4/20/87 -- that they were removed so we wouldn't have sources --

MR. BECKLER: That does come out of your time, your response.

MR. LIMAN: No, it doesn't.

The next documents are two documents -- Exhibit 47 is a memorandum dated September 2, 1986 from Oliver North to Admiral Poindexter headed "Next Steps," and the document following that is a September 8, 1986 memorandum from Oliver North to Admiral Poindexter, also entitled "Next Steps."

(Exhibits 47 and 48 were marked for identification.)

BY MR. LIMAN:

Q If you will look at Exhibit 47 first, what does non-log mean?

MR. SMALL: This is the reference up in the upper right hand corner of Exhibit 47?

MR. LIMAN: Right.

THE WITNESS: Non-log means it is not in System 1, 3, or 4, or 1, 2 and 4.

BY MR. LIMAN:

Q Who kept non-log documents?

A The staff officer that originated it usually.

Q Did non-log provide a greater degree of security?

A Well, a non-log was not a formal -- it was an informal mechanism that the staff used sometimes. We let them do it, but generally we try to involve non-log items.

Q Was it used to provide greater security and compartmentalization?

A Not in any sort of premeditated way. It was just, if a staff officer felt that it didn't need to be logged in a system, he would use that. We generally tried to discourage it.

Q Did you keep any non-log documents in your files?

A It is conceivable.

Q If a staff officer would originate a non-log document to you, would you send it back to that officer in the normal course?

A I may have from time to time, but usually after -- first of all, I am not sure I have seen this, so I am answering general questions about non-log items. But my usual procedure was to, after reading a document, put it in my out-basket. I didn't keep close tabs of what the outer office did with the memos then, whether they were filed in the outer office or whether they were sent to the regular mail clerk.

Q Did you keep your own files on Iran?

A The only thing I kept would have been very -- I didn't really have a file on Iran. As I testified before, I kept a stack of papers on my desk of things that I thought I might have to refer to.

Q Working files?

A Working files, yes. I did not keep large personal files.

Q You weren't a squirrel for documents like Oliver North was?

MR. BECKLER: You can say what you are.

BY MR. LIMAN:

Q Did you ever go to his office?

A I don't recall ever being in his office.

Q Did you know that he was a collector of documents, sir?

[redacted]

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A I am not sure how you define collector of documents.

Q That he kept more documents than you did?

A He apparently did.

Q Are you able to identify your check marks from anyone else's?

A No.

Q This had a check mark but you can't identify who put that on here?

A I sign my initials two ways, one, this way, and one JP.

Q This doesn't have an initial, it has a check mark.

MR. LEON: For the record, which one?

MR. LIMAN: He was referring to Exhibit 45 as one of the ways.

MR. LEON: How about the check mark?

MR. LIMAN: We were just looking at Exhibit 47.

THE WITNESS: Exhibit 46 has one of the two ways and Exhibit 45 has the other.

BY MR. LIMAN:

Q I will show you Exhibit 48, which is a memorandum dated Septemer 8, 1986 from North to you. Again, it is a "Next Steps" memo, and it has an approved with a check mark. I take it you cannot tell whether that is your check mark or not?

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A I can't tell whether that is my check mark or not.

Q Did the President of the United States approve the opening of the second channel?

A Yes.

Q Did the President of the United States approve the shipment of 500 TOWs to the second channel or through the second channel?

A Yes.

Q Were you aware, sir, that under the arrangements that were made with the second channel that you would not be receiving all of the hostages upon the delivery of the 500 TOWs?

A I believe so, but I would have to go back to review those documents.

Q As you sit here today, without reviewing a whole mass of documents, are you able to tell us how it happened that the President of the United States changed his position from insisting on release of all of the hostages before any more arms were delivered to Iran to accepting a sequential release of the hostages with deliveries of arms?

(Witness consulting with counsel)

THE WITNESS: I think, as with all of us, as the evolution wore on, the President was just simply, was unwilling to give up the possibility of at least getting some out, although that wasn't our main objective.

BY MR. LIMAN:

Q And did you recommend that to him?

A Probably. I would have -- as you can tell from earlier PROFS notes, I felt pretty strongly that we ought to get them all.

Q I can tell from earlier PROF notes that you appeared to be the tough guy.

A Yes.

Q Did it ultimately wear you away?

A I can't recall whether I recommended that to the President or not. I didn't disagree with him, but I can't recall actually what he recommended.

Q Was there anyone else in the White House group who was urging the President to take what he could get?

A No, I don't think so. Although the Vice President and the Chief of Staff were usually there for meetings, I discussed things with the President. They pretty much left the discussion up to the President and me. I don't recall their voicing opinions one way or the other.

Q Now, do you recall Colonel North ever reporting to you that the second channel and he had agreed to establishing a committee consisting of Iranians and Americans?

A I remember that.

Q Did you approve that?

A Yes, I did.

Q Did you elevate that to the President of the United States?

A I probably did.

Q Did he tell you who was going to serve on the committee for the United States?

A Did who tell me?

Q Colonel North.

A I can't recall discussing that in great detail.

Q Do you remember it was Oliver North, Mr. Secord, and Mr. Cave?

A I don't -- that would be consistent. I mean, I am not surprised.

Q Did you approve that?

A In effect, I would have.

Q What does in effect mean?

A Well, in effect, the whole point of the committee was eventually to recognize this, but we had to get it started first, and the plan all along was once we could get it regulated we would bring in other departments of government.

I guess the reason why I am hesitating there a little bit, when you say those were the three members from the U.S. side, it would have been a temporary sort of thing. In order to get started, those three would have been involved.

Q Did you receive any transcripts of conversations between Oliver North and the Iranians?

MR. BECKLER: At what point in time?

MR. LIMAN: Second channel.

THE WITNESS: You mean actually typed out?

BY MR. LIMAN:

Q Typed out.

A Verbatim?

Q Let's start out with verbatim.

A No.

Q Did you ever receive any tape recordings themselves?

A No, I did not.

Q Did you ever receive any memoranda of his discussions back and forth with the second channel?

A Yes, I did.

Q Did you ever share those memoranda with the President of the United States?

A I probably read to the President summaries of the discussions.

But, again, the 930 file might help.

Q I appreciate that, Admiral. Did Oliver North ever tell you that he ever communicated to the Iranians that the President had a low opinion of the Chief of State of Iraq?

A What is the question again?

Q Did Oliver North ever tell you that he had told the second channel Iranians that the President of the United States had a low opinion of the President of Iraq?

A He may have. That doesn't stand out in my mind.

Q Did you authorize him to tell the second channel Iranians the United States would cooperate in deposing the President of Iraq?

A No, I didn't.

Q Did you ever see any summaries of meetings that indicated that he and others in this American delegation were saying things like that to the Iraqis?

A To the Iraqis?

Q To the Iranians.

A I may have. I can't remember that.

Q Do you recall seeing any kind of summary of a transcript which he attributed to the President, a profanity directed at the President of Iraq?

A I am not sure about that. I am having trouble keeping separated what I have seen in preparation for these hearings and what I saw before. I am not sure about that.

Q Did you authorize North or other members of the American delegation to the second channel Iranians condemnation of the Iraqis?

A I don't believe I ever did that.

Q Was it United States policy at that time to try to bring about the deposing of the President of Iraq?

A The U.S. policy was to bring an end to the war between Iran and Iraq.

Q So the answer to that question is no?

A It would be no.

Q Did you ever authorize Oliver North or other members of the American delegation to say that they would use their good offices to try to persuade the Kuwaitis to release the Dawa prisoners?

Let the record reflect there has been a consultation.

A I am sorry, what was your specific question again?

Q Did you ever authorized Oliver North to tell the second channel Iranians that the United States use its good offices to try to persuade the Kuwaitis to release the Dawa prisoners?

A No, I didn't. The President's policy on that was we shouldn't put any pressure of any kind from the U.S. Government on Kuwait. I told Colonel North that. My understanding of what they discussed though, was not inconsistent with that.

Q What did you understand they were discussing?

A I understood they were discussing that General Secord on his own, privately, would come up with a plan that the Iranians could then use in order to try to convince the Kuwaitis to make some concessions on the Dawa prisoners.

Q Did you clear that with the President?

A What with the President?

Q That consistent with his policy, General Secord would be permitted to do this?

A This was not cleared with the President ahead of time because I did not know that they were going to raise that issue. But you misunderstood that in all of these discussions that were going on in the second channel, Colonel North and George Cave had wide latitude in discussing various matters with the Iranians.

Q Did their wide latitude include making representations that if the Soviet Union were to invade Iran that we would fight the Soviets whether or not the Iranians liked it?

A The U.S.-Soviet relationship as it applies to Iran, the guidance on that was contained in terms of reference that the President approved. I don't recall knowing, before the preparation for these hearings, knowing of discussions that have been described, and I would have to go back and analyze what has been said here to see if -- my impression at this point is that what has been said in the hearings by various parties, both on the congressional side and on the witness side, there seems to me to be some

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misinterpretation.

Q The person who translated it to the Iranians is the one who testified to this. You realize that.

A But the policy of the United States is to keep the Soviet Union out of Iran.

Q And was Colonel North authorized to commit the United States to war with the Soviet Union?

A He was not.

MR. BECKLER: Don't answer that. Objection. It is 2:35. I said --

MR. LIMAN: If I go another ten minutes, we will only have some clean-up.

MR. BECKLER: Let's break for lunch now.

(Whereupon, at 2:35, the deposition was recessed.)

(Exhibits through No. 52 were marked at lunch break.)

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AFTERNOON SESSION

MR. LIMAN: I will show a document we have marked as Poindexter Exhibit 49, which is a memo dated October 2, 1986, from, of all people, Oliver North, to you. The only question I have for you on that is: Are these your initials on the page that has a place for approving?

THE WITNESS: They are. I haven't read the document.

BY MR. LIMAN: Well, you have a copy of the document. We are in the process of declassifying it, and it is the document in which the President described the Bible, among other things, and approved talking points with the Iranians, [redacted] And then -- did Colonel North ever describe his seven point proposal with the Iranians with you?

A He probably did. I am a little vague now what the seven points are.

Q We have marked as Exhibit 50 the copy that we have of the seven point proposal. Would you remove from the exhibit, because it is not part of it, the Farsi part in the back?

A The Farsi translation?

Q Yes. It is not a translation. It is classified anyway.

A The question is what?

Q Did he ever describe the seven points to you?

A Well, I don't recall seeing this particular document before. These points are familiar to me. I would have to know more about time frame. These points are generally consistent with various components of various plans that existed over the period of time that we were working the Iranian project.

Q Did Oliver North obtain approval from you for various plans presented to the Iranians?

A At various times, yes, and the President.

Q And did he ever come back to you and tell you that the Iranians had come up with something called the nine points?

A What time frame is this?

Q The nine points would have been October 1986.

A I am reasonably sure he did.

Q I am going to provide you with a copy marked as Exhibit 51. I am not going to review them at this point other than to ask you whether you have any recollection of Colonel North asking you for approval of something called the nine points?

A I vaguely remember at some point in October the Iranians coming back. The nine points doesn't ring a big bell. I can't remember the exact sequence of events, but I believe he did report those to me, and they were points with which we agreed.

Q Following the presentation of these points, 500 TOWs were shipped to the second channel?

A That is correct.

Q And was that approved by the President?

A It was.

Q In the first session of your examination I asked you about the 1986 Barnes and Hamilton inquiry concerning Colonel North's activities on behalf of the contras. I will show Exhibit 52, which consists of a transmittal slip, a memo, which purports to have your writing on it, and the Barnes letter, and I will ask you if this is your note on the second page and if you would read it into the record?

A Yes, this is my handwriting, with the one exception.

Q What is the one exception?

A The addition of the name Burghart to the list.

Q You indicated that sometime later, almost a year later, you received a copy of Mr. McFarlane's response and that you thought that some of his responses were phrased more broadly than you would have had you been the author of this letter.

I will show you Exhibit 53, which is his September 12, '85 response to Congressman Barnes and ask you to look at it. I have only one question: Whether the statement in the second paragraph which says: "Based on this review, I want to assure you that my actions, and those of my staff, have been in compliance with both the spirit and the letter of the law."

Is one of those sentences you felt too categorical?

A To correct what you said a moment ago, I don't think I have ever seen this. As some point in August of '86 I asked Commander Thompson if he had -- this was in conjunction with the letter Chairman Hamilton sent me -- I asked Commander Thompson if he had a copy of Mr. McFarlane's response the previous year. He said he did.

I said, "I may want to look at it."

I never got around to looking at it. I have seen excerpts of this in the Tower Commission report.

Q And when you saw it in the Tower Commission report you said there was some language in it which you felt was more categorical than you would have used. Is that fair to say?

A I think that is fair to say.

Q Is the sentence I read to you one of them?

Let the record reflect a consultation.

A As I have testified before, I wouldn't have responded the way that Mr. McFarlane did, and I would not have that that way. I am not quite sure what Bud had in mind.

Q Why would you not have felt comfortable saying that my actions, and those of my staff, have been in compliance with both the spirit and the letter of the law? And the law they are referring to is the Boland Amendment.

MR. BECKLER: I am going to object to that. You are asking him what the operation of his mind is in view of violating the Boland Amendment in a letter written by somebody else.

MR. LIMAN: I am asking him why he would be uncomfortable making that kind of statement to Congress.

I will rephrase it and make it very simple.

BY MR. LIMAN:

Q Did you believe that in September of 1985 that the activities of Colonel North were in compliance with both the spirit and letter of the Boland Amendment?

(Witness consulting with counsel)

THE WITNESS: As I have said earlier, I would not have been as categorical in the letter as Mr. McFarlane was. I don't know, I don't know what Bud had in mind. I am probably not aware of everything that Colonel North did, and I just -- it is too categorical a statement.

BY MR. LIMAN:

Q All right. Remember there came a time when you had to deal with a resolution of inquiry being prepared by Congress? That was a year later, in August of '86.

A Yes.

Q And you remember that Oliver North met with the Congressional representatives of Congressional committees?

A Yes. In an informal meeting in the situation room.

Q And did you receive a report of what Oliver North's responses were?

A As I recall, I received a summary that purported to be that.

Q Do you recall telling Oliver North by PROF note that his responses were, quote, "well done?"

MR. BECKLER: Let's look at the exact thing.

MR. LIMAN: Exhibit 54. It is a PROF note from the Admiral dated August 11, 1986, and a PROF note from Mr. Pearson to him. The Pearson note reflects North's answers.

MR. LEON: Could the Admiral identify for the record who Mr. Pearson was at that time?

THE WITNESS: He was the Deputy Executive Secretary of the NSC staff.

BY MR. LIMAN:

Q Did you write "well done," Admiral?

A Let me read what I wrote well done for.

Q Does it say "Subject: HPSCI Interview of North".

MR. BECKLER: Let me state for the record here, the question was something to the effect -- we can have it read back -- "well done" for the responses. There is nothing in here about well done for the responses, it just says well done.

MR. LIMAN: "Subject: HPSCI Interview of North." Does well done?

MR. BECKLER: Is that you? Does well done?

THE WITNESS: That is my note. What well done refers to is not clear.

BY MR. LIMAN:

Q It is not clear to you?

A It is not clear to me.

MR. BECKLER: It is not clear from the face of this document?

THE WITNESS: The first sentence of the PROF notes -- and, again, you have to recall that I saw many of these everyday -- it says "Session was success, Hamilton will entertain motion soonest to report unfavorably on resolution of inquiry."

That is the point of the inquiry, and that is "well done."

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Q Did it say "Forwarding note from Mr. Pearson"?

A Yes.

Q And --

A Well done is obviously in response to this PROF note from Pearson.

Q Did you consider when you read the report of North's interview that North had given candid answers to the committee?

A I really can't comment without reading a transcript of exactly what Ollie said. The point was that Chairman Hamilton was satisfied and I was pleased with that.

Q Isn't the point that Oliver North had misrepresented facts to the House Committee? Isn't that what the fact is?

A I don't know that, Mr. Liman.

Q And isn't it a fact that you were telling him well done for deflecting this inquiry?

A I was telling him well done that he had carried out the briefing and that Chairman Hamilton seemed to be satisfied.

Q Didn't you know at that time that if he had been frank with Chairman Hamilton that he would have revealed that he was doing things that Congress disapproved of?

MR. BECKLER: Objection. If he had known this,

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f he had done this or that, those are questions you can ask Oliver North if you wish.

MR. LIMAN: I'm going to ask him because he has testified briefly as to what he knew North was doing.

THE WITNESS: May I go back to the May 2nd testimony.

BY MR. LIMAN:

Q Do you have to read what was said on May 2nd in order to testify today as to what you knew that Oliver North was doing a year ago?

MR. BECKLER: He is trying to refresh his recollection on testimony that he gave with regard to this same type of message back on May 2nd, and I would ask you not to badger the witness.

MR. LIMAN: I think what he is trying to do is conform his testimony now to something he said in May.

MR. BECKLER: I resent anything about conforming. We are not here to be badgered by you. Get on with your questions. He is not going to answer anything about what Oliver North said was true or not true.

BY MR. LIMAN:

Q Did you consider what Oliver North was doing to assist the contras to be consistent with the attitude of the congressional committee towards the Boland Amendment? Did you consider that?

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MR. BECKLER: Objection. We are not going to answer that question. That is asking him to draw a conclusion based on whether or not Oliver North acted in accordance with the attitudes of Congress. It is an impossible question to answer.

BY MR. LIMAN:

Q Admiral, did you understand Congress was looking into whether or not North's activities violated the Boland Amendment?

A I understood that a resolution of inquiry had been introduced on the floor of the House, it had been referred to three committees: the House Armed Services Committee, the House Foreign Relations Committee and the House Intelligence Committee. The House Armed Services Committee had considered it in committee and provided a negative report. Chairman Hamilton called me and said that under the Rules of the House they didn't have to take any further action but to satisfy some of his members, he thought it would be helpful -- he did not plan to push it, but he thought it would be helpful if they could meet with Colonel North.

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After some discussion and negotiation with the Chairman and consultation with other White House staff members and my own staff members, I did agree that they could informally talk to Colonel North in the Situation

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Room. The meeting took place, I received a report that indicated Chairman Hamilton was satisfied, and I said, well done. I considered it the end of the issue.

Q Did you consider that they were interviewing him on Libya or on the contras?

A I can't remember the wording of the resolution.

Q So you don't know as you sit here today whether or not the interview related to the contras?

A Oh, I think it probably did. I don't know whether it was limited to that.

Q Do you know that it included the contras?

A Yes.

Q And did you know that some of the activities that Oliver North was doing in support of the contras were activities that Members of Congress were concerned about?

A I knew that some of his activities could be controversial and would not be agreed to by some Members of Congress.

Q And did you know that if Oliver North revealed some of these controversial activities that there might be a problem on the Hill?

MR. BECKLER: Objection.

MR. LIMON: Did you think that?

MR. BECKLER: You can answer that question. I

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will withdraw my objection.

THE WITNESS: Rephrase the question.

BY MR. LIMAN:

Q Did you believe that if Oliver North revealed to this delegation some of the activities that are controversial that there would be a problem for the Administration on the Hill?

A Yes, I thought there would be.

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[redacted]

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Q Did you --

MR. BECKLER: He is finishing his answer.

THE WITNESS: My point is that I expected Colonel North to be truthful and answer the specific questions that were asked, but not necessarily to reveal everything that he knew to answer the questions.

BY MR. LIMAN:

Q And when you got a report, did you discover whether he had revealed everything he knew?

A I couldn't conclude that from such a brief summary.

Q Were you able to conclude from that brief summary that whatever he said had satisfied Congress?

A I was able to conclude that.

Q And were you able to conclude that he was able to avoid getting into controversial subjects?

A That's a subjective question. What is controversial?

Q As you sit here today, Admiral, are you not able to say whether you were congratulating Oliver North on his having been able to avoid telling the Congress some things that would have troubled them?

MR. BECKLER: The question has been asked and answered both on May 2 and several times today. It speaks for itself. There is a "well done." The "well done" refers

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to the answer that Hamilton, that Congressman Hamilton will entertain a motion, so on and so forth.

The question has been asked and answered. Let's move on to the next question.

BY MR. LIMAN:

Q I understand what Hamilton was going to do because it says "entertain a motion." What was it that Oliver North had done that was well?

A He had apparently appeared, had satisfied Chairman Hamilton.

Q Did you ever tell Secretary of State Shultz in or around May of 1986, before the Tehran mission, that the Iranian initiative was over?

A I don't recall the time frame at all. At various points we did consider it over. I can't remember the time frame, though.

Q At any of the points that you considered it over, did you consider notifying Congress?

A It was never considered that over.

Q When you told Secretary --

A By the way, I think Secretary Shultz knew about the Tehran mission.

Q When you told Secretary Shultz that it was over, did you tell him it wasn't that over?

A I don't remember that.

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Q What does the term "stand down" mean?

A A temporary cessation of some activity.

Q Did you tell him that you were standing down or that the initiative was standing down?

A I don't remember the precise words, but I talked to Secretary Shultz several times over the period of the year about the Iran initiative, specifically talked to him about those terms of reference. Those are the same terms of reference that he later recalled that we gave to [redacted] at his suggestion.

Q Do you remember whether you told him about the terms of reference before you told him it was over?

A I can't remember the time frame.

Q You said you think he knew about the Tehran mission.

A Yes.

Q Did you tell him?

A I'm sure I did.

Q Do you remember that?

A No, not precisely. Because he knew Mr. McFarlane was going to go.

Q How do you know that?

A Because I probably told him that.

Q You say you probably told him that. Did you or didn't you?

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[redacted]

MR. BECKLER: He has given an answer. He said he probably said it. Let's read back the record.

MR. LIMAN: Probably isn't the same as recalling that you did. That is what I want to know.

Do you recall telling him --

MR. BECKLER: Let's go back and have the answer read to the initial question you asked him. He gave an answer. He did not say probably. He said, I believe I told him, or something to that effect.

MR. LIMAN: He used words like "I believe."

BY MR. LIMAN:

Q I ask whether you recall telling him?

A I do not recall the specific conversation.

MR. BECKLER: That is the answer he gave two answers ago.

BY MR. LIMAN:

Q Do you recall telling him even if you don't recall the specific conversation?

A I remember discussing with him the terms of reference and that the President planned to send Bud. I can't remember the specific conversation or the exact time frame.

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Q I'm going to show you Exhibit 55, which is a document dated November 18, 1986, with questions and answers regarding United States policy towards Iran.

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Have you ever seen this document before?

A I don't know whether I've seen this before or not.

Q Do you know what it is?

A I know what it is.

Q What is it?

A It is a series of questions and answers that were prepared -- at some stage of preparation. I don't know what, but it is a typical format in preparing press guidance.

Q For whom?

A For probably somebody in the White House. But I can't tell whether this is a draft or final version, or what it is.

Q It refers, Admiral, in a question on page 6, to "Did the shipment of arms to Iran violate the Arms Export Control Act or any other law?" And the reference is that it did not.

Do you know whether prior to the date of this exhibit, which is the 18th of November, you had obtained --

MR. BECKLER: Wait a minute.

BY MR. LIMAN:

Q -- you had obtained legal advice from the Attorney General on whether these shipments had violated the Arms Export Control Act? And particularly the November shipment.

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A Well, it is not clear to me the question addresses

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the November shipment.

Q Let's take my question. Did you have any legal advice prior to November 18 on whether the November Hawk shipment violated the Arms Export Control Act?

MR. BECKLER: You mean, did John Poindexter have any advice?

MR. LIMAN: As National Security Adviser.

THE WITNESS: The only thing I can remember related to your question, not necessarily the question that is here on the paper, is that, as I've testified before, at the meeting in my office on January the 16th, 1986, when Ed Meese made clear that he thought that the best way to do the finding was to have the United States go directly to Iran with the sales rather than through Israel so that we avoided the reporting requirement that would have been necessary under the Arms Export Control Act when a country like Israel transferred arms to a third country. That's the only thing that comes close to the answer to your question.

BY MR. LIMAN:

Q In November, prior to November 18, 1986, was there any discussion about whether the shipment of Hawks violated the Arms Export Control Act?

A I don't recall any.

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Q Did you seek any advice from the Attorney General or the Attorney General's office on whether you had a legal problem?

A I don't recall any --

Q Admiral --

A -- prior to the 18th.

Q Admiral, you testified on the 20th you did have a meeting concerning Casey's testimony. Am I correct?

A That's correct.

Q And you were going to brief the Intelligence Committees the next day yourself; is that correct?

A That's correct.

Q It was during this meeting an issue arose as to what was contained in the shipment in November, am I correct?

A Well, the issue was not so much what was contained in the shipment.

Q As to what you knew was contained?

A What we knew was contained and our prior knowledge.

Q Do you recall North saying at that meeting that no one in the United States Government knew that there were Hawks in that shipment?

A I don't recall that specifically.

Q Was a decision made as a result of the discussions that were had on the 20th that when Casey and you appeared before Congress the next day that you would not represent

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to Congress that you had no knowledge that Hawks were in that shipment?

A After --

MR. SMALL: That's a double negative.

BY MR. LIMAN:

Q Was there a decision reached as a result of those discussions as to what you would say to Congress?

A Yes, there was.

Q What was it that you agreed upon?

A Actually, I think I formulated it, that we would say that there had been a shipment by the Israelis in November, 1985, we didn't have all the facts and when we had all the facts, we would report back to the Congress. And to the best of my knowledge, that's what I told the House Intelligence Committee and Senators Leahy and Durenberger.

Q If the Members of both the House and the Senate committee said that you told them that you did not know until January of 1986 that Hawks were contained, they would be wrong?

A I think they would be wrong. I'm very comfortable with that.

Q And have you had occasion to read the memorandum of Mr. Newsom, which I think was provided to you, of your meeting with the Senate committee?

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A No, I haven't seen that.

Q We are going to let you see it. It was in the papers, but there were a lot of papers, and I think you ought to see it before your appearance.

A Who was Newsom?

Q He was a staff member of the Senate committee. And there is apparently a similar memo from the House committee.

MR. BECKLER: They were taking notes?

MR. LIMAN: Apparently. He said, "Poindexter said he learned in January, 1986, that Israel had sent 18 Hawk missiles to Iran on November 25, 1985, without U.S. approval. He told the Israelis the missiles had to be returned from Iran and they were returned in February. It is unclear whether there was prior knowledge by any U.S. official of that shipment. Poindexter said he was looking into that question right now. He did not know the details of that shipment."

MR. BECKLER: Could I see the --

MR. LIMAN: You can see it.

MR. BECKLER: Can we see the full text?

MR. LIMAN: Here it is.

MR. BECKLER: Who was Mr. Newsom?

MR. LIMAN: A member of the staff of the Senate committee, was at that time.

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MR. BECKLER: This was prepared when? On November 28, seven days after the -- I'm just trying to get it straight here. These were not notes taken at the meeting.

MR. LIMAN: Don't tell me it wasn't notes taken at the meeting. Obviously they didn't sit there and type it at the meeting.

MR. BECKLER: Let's read the whole thing.

MR. LIMAN: I was directing his attention to a particular paragraph.

MR. BECKLER: We are going to read the whole thing.

MR. LIMAN: You can read it if you want.

MR. LEON: We had an understanding at 3:30. It is now a quarter of 4:00.

MR. LIMAN: You see what we are going through. I think we ought to postpone your examination in the next building.

MR. LEON: How about 6:00?

MR. LIMAN: Is it the person I think it is?

MR. LEON: I think it is.

MR. LIMAN: At this point, you might as well postpone it until 6:00.

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(Recess.)

THE WITNESS: This does not -- I simply just don't recall providing that much detail on that issue.

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We were clearly uncertain on the 20th. I simply don't recall it.

BY MR. LIMAN:

Q You don't recall it?

A I'm curious, did Mr. McMahon make any notes, Bernie McMahon?

MR. LEON: Let's find out what his position was at the time.

THE WITNESS: Bernie McMahon, Majority Staff Director.

MR. LEON: Why don't you inform the record as to who he was and the fact he was there.

THE WITNESS: He was the Majority Staff Director. I was curious whether he had any confirming notes. I simply don't recall saying it that way.

MR. KAPLAN: My understanding is that Mr. McMahon made some notes but those notes were never memorialized into the form of a staff memorandum.

MR. SMALL: Do the notes exist?

MR. KAPLAN: I'm not sure of that.

MR. EGGLESTON: Maybe I should say, so it is clear to you, that there are two memoranda here -- there are two memoranda prepared following your presentation to the House Committee on Intelligence. I would represent to you the information in those memoranda is substantially the

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same on this issue as reflected in Exhibit 58, although I think the memoranda show that your discussion of the November '85 shipment was at the very end of your presentation before HPSCI. I can make those available to you.

THE WITNESS: I would like to see those. I tried very hard to recall precisely what I said in those briefings.

MR. LEON: They were prepared by staff present for the HPSCI briefing that morning.

THE WITNESS: As I testified before, my recollection in November of '86 of events of November, '85, was very, very fuzzy.

BY MR. LIMAN:

Q If this memorandum is correct, you said that you learned in January, '86, that the 18 Hawks were sent. Was that your recollection on November 21?

A It was unclear at that point because I was faced with the problem of two people that were directly involved in the November shipment having different recollections of events. We had Bud McFarlane saying one thing and Secretary Shultz saying something else.

My best recollection is at that point that I did not remember anything about, or know anything about the Hawks until January, '86.

Now, since that time and the preparation and reviewing PROFs notes, it is clear that I did know in

November, '85, but I did not remember that in November of '86.

Q That is your position?

A That's my position.

Q The last thing, Admiral, which is -- I'll end with where we ended last time, Exhibit 40, which was your notes of January 7, 1986, and which refers to a discussion that you had or list you made. Do you want to translate that for us, sir.

MR. LEON: Arthur, if I may note for the record that -- you are right, it is Exhibit 40.

THE WITNESS: These are -- there are two major items I discussed with the President that morning. One was the hostage situation and the other was the status of -- although I have hostages, it really refers to the Iranian project, and Shultz and Weinberger were in disagreement with the proposal to go ahead for two reasons. They opposed any deals for hostages and they were opposed to arms to Iran.

The next item means that Casey and Meese thought the President should go ahead, and the last note means that Shultz had asked for a meeting with the President about it and it was at that meeting that the President agreed he had an open spot on his schedule around lunchtime, and so he agreed to meet with his National Security Advisers at that time, which I think was around 11:30 or something like that. And the second page is a list that I made up for my secretary of people to invite to the meeting.

MR. LIMAN: Where it says "Shultz and Weinberger," was that reporting to the President what their position was?

THE WITNESS: Yes, which he well understood.

BY MR. LIMAN:

Q As a result of your reporting what their position was, the meeting was arranged that is reflected on the next page?

A That's correct.

Q [redacted]

[redacted]

Q The last question: Was there any discussion to your knowledge with the Iranians about oil prices as part of this initiative?

A I don't recall anything about oil prices.

MR. LIMAN: Leon.

MR. LEON: Thank you, Mr. Liman.

EXAMINATION ON BEHALF OF THE
HOUSE SELECT COMMITTEE

BY MR. LEON:

Q Let me pick up just about where you left off on that Friday morning discussion with the HPSCI committee. Those documents, as Mr. Eggleston indicated, you will have made available to you to review.

Do you recall during that briefing informing the HPSCI members that morning, you had just learned the day before that someone in the U.S. Government might have known about the Hawks being part of the shipment before January?

A I don't recall saying that.

MR. BECKLER: Do you have any notes, counsel --

MR. LEON: I don't have them with me.

MR. BECKLER: Do you have a recollection of some note that says he said that?

MR. LEON: My recollection is that it is contained in the notes, but you will see the notes and you will have a chance to review them.

MR. SMALL: It was that --

MR. LEON: Words to that effect.

MR. BECKLER: Words to the effect Admiral Poindexter had heard the day before someone in the U.S. Government --

MR. LEON: That he had just learned the day before that someone in the U.S. Government might have known before January, '86, they were actually Hawks.

MR. BECKLER: Is that the same notes Mr. Eggleston is referring to? This doesn't say that.

MR. EGGLESTON: It is the same general treatment. It seems to me we should not discuss what may or may not be in notes. I was giving you a general representation it is treated the same way.

We'll give you an opportunity to see them.

MR. BECKLER: It would be very helpful. I wouldn't mind seeing the full text. Everybody in the world has had a crack at the full text except the man answering the questions. There are 40 people out there pumping things into computers that have had a crack at everything in the world, except my client.

MR. LIMAN: Your client is not the National Security Adviser. Your client chose to invoke his constitutional privileges and as a result, as a result of his not cooperating with the NSC, they apparently didn't cooperate with him.

MR. BECKLER: My client is involved in a civil deposition and has a right to see relevant documents he is being questioned about. It has nothing to do with whether or not he asserted the Fifth Amendment.

MR. LIMAN: Under what rules of the House or Senate does he have a right to see documents before he is examined?

MR. BECKLER: When a third party provides documents to one side and not the other -- this is a civil matter.

MR. LIMAN: This is not a civil litigation. This is an investigation by the United States Congress pursuant to its constitutional powers and statutory powers.

MR. BECKLER: Right. And this man has a right to see the documents the other side has been shown and reviewed --

MR. LEON: I think it was probably oversight on my part I didn't bring them here today. And probably also, I assure you you will have available to you both of those

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notes from the two different staff members who took them to review as soon as we can get them to you. We should be able to get them to you in some form or another within a matter of days. I assure you you will have those.

I just took the opportunity to ask with regard to that very specific section because of the possibility that I recognize, and I don't think I'm alone, there might not be another deposition after today, and I thought I might be remiss if I didn't take the opportunity to ask about that one specific section. That's all I'm going to ask about that. I'm going to move on to something else. I don't want to belabor the point. I have another deposition ahead of me.

BY MR. LEON:

Q With regard to the weekend's events, that weekend in November, 1986, to the extent that you have any knowledge, with regard to Friday, the 21st, on that morning, the Attorney General, as Mr. Cooper testified last week, met with the President and Donald Regan, and asked for authority to commence an investigation.

At some point after that, I believe Mr. Cooper testified that the Attorney General met with you. Do you recall meeting with the Attorney General that morning?

A Yes. But the sequence he gave was not right by my recollection.

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Q All right.

A After I had finished briefing Senators Durenberger and Leahy, Ed Meese called me and said that he wanted to meet with the President at 11:30, and because I had been tied up, he had arranged that meeting through Donald Regan, and he wanted me and Don to be there. So the three of us met with the President at 11:30, and the Attorney General called me sometime after lunch, early to mid afternoon, and asked that I have the relevant documents pulled together and he wanted to send over a couple of his assistants.

Q Do you have any knowledge whether the Attorney General on that morning met with Colonel North at any time?

A The 21st?

Q Yes.

A I don't think so.

Q Do you have any reason to think --

A He could have. I just don't think I know about it.

Q Do you have any knowledge of him meeting with the Attorney General, Colonel North meeting with the Attorney General any time later that day?

A I don't believe so.

Q Did Colonel North ever indicate to you, or did anybody else indicate to you that Colonel North had requested from the Attorney General a 24- to 48-hour period in which

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to get his documents in order?

A I'm not aware of that.

Q And after the Attorney General interviewed Colonel North Sunday evening, you testified Colonel North spoke to you?

A Right.

Q And of course he informed you that the diversion memo, he had been questioned about that?

A Right.

Q Did Colonel North on that occasion indicate to you in any words or words to the effect that after he had been presented with the diversion memo, he had said to the Attorney General words to the effect, "Does this count? I haven't been given my rights"?

A I don't think I knew that.

Q Well, do you know if that happened? Do you have any knowledge that happened?

A I don't have any knowledge that happened.

Q Had he ever commented to you along those lines thereafter?

MR. LIMAN: Show the consultation.

MR. BECKLER: What is that?

MR. LIMAN: I said show the consultation.

MR. BECKLER: I have a continuing objection. I would ask that be removed from the record, too.

MR. LIMAN: I didn't show it every time you consulted.

MR. BECKLER: What is the criteria to first reflect it and then not reflect it?

MR. LIMAN: Because you have asked that we not, and I told you, and I thought you had agreed, that it would be where it seemed appropriate.

A question was put which he could have answered or not answered, and he chose to consult with you. He either has a recollection or he doesn't have a recollection. I don't think you were there. It just seems to me it was appropriate to reflect the fact that he needed consultation on this issue.

MR. BECKLER: I think it is appropriate to reflect this is nothing more than Mr. Liman's attempt to chill this witness's testimony --

MR. LIMAN: It has succeeded.

MR. BECKLER: That doesn't minimize your attempts. We are going to step outside to confer.

(The witness and his counsel leave the room.)

MR. BECKLER: Let me state something for the record. First of all, Mr. Liman, to make a presumption that just because an examiner says, do you recollect something, that because my client turns to me and asks to counsel with me, he is asking me whether I can help him in his recollection, is beyond the pale. And to refer sarcastically you weren't there, you weren't there, is out of line.

I want that on the record. It is a continuing exhibition in which this committee has badgered this witness and the way this committee is being used as a tool of the Independent Counsel to set up somebody --

MR. LEON: Which committee?

MR. BECKLER: Specifically, Mr. Liman.

Unfortunately, as I said before, everybody in this room is in one way or another being utilized by the Independent Counsel because of their continuing reluctance to give us documents in an appropriate amount of time so we can prepare my client for a civil deposition.

MR. LIMAN: What is the document you needed in order to answer the last question?

MR. LEON: I would like you two to resolve this off the record. I have another deposition to attend.

MR. BECKLER: Let's have the question read back.

MR. LEON: Arthur --

THE WITNESS: Would you repeat the question?

MR. LEON: I will try. I don't know if I can repeat it from memory, but the substance of the last question was whether or not, after the evening of the 23rd, after that conversation you had with Colonel North that evening, did he or anyone else at any time thereafter indicate that --

MR. BECKLER: He being North.

MR. LEON: Right. Indicate to you that North had made a statement to the Attorney General in his interview on Sunday afternoon to the effect, "Does this count? I haven't been given my legal rights"?

THE WITNESS: I don't recall that.

BY MR. LEON:

Q When you met with the Attorney General on Monday morning, the 24th, you met with him alone, correct?

A Yes.

Q Do you know if when you met with him he had already met with Robert McFarlane?

MR. LIMAN: That day?

MR. LEON: That morning, yes.

THE WITNESS: I don't know that.

BY MR. LEON:

Q Do you know if he had met that morning with President Reagan?

A I am not sure of that. He had been in my office earlier in the day, while I was tied up with Senators, and my secretaries reported to me they asked him if he wanted them to interrupt and he said, "No, I'll come back later." He was in the White House. I don't know who he was seeing.

We finally did get together sometime before lunch, as I recall. I don't know why he was there.

Q Do you recall if he reported to you when you met with him that he had already spoken with the President?

A I don't recall his saying that.

Q Do you recall if he told you that Bud McFarlane had confirmed having knowledge of the diversion?

A I don't recall his saying that. It was a very slow conversation.

Q Recount the conversation as best you can recall.

A Well, my recollection is that his main objective was to find out if I was aware of the diversion. And I told him I was generally.

Q Were you in contact with Commander Thompson on Monday morning, the 24th?

A I'm sure I was. He was sitting right outside my office.

Q Did Commander Thompson bring to your attention that Monday, or any time prior to that, that on the previous Saturday afternoon, November 22, he had been over in Colonel North's office after Attorney Meese's designees had been there reviewing documents and that he saw Colonel North assembling documents to take with him over to the White House Situation Room?

A I don't believe he reported that.

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Q Were you aware on Monday morning the 24th that Thompson had been in on Saturday?

A Yes. We were both in on Saturday.

Q Did he give you any kind of a briefing, do you recall, Admiral, about what he had observed taking place Saturday with regard to the Attorney General's representatives?

A Yes. As I recall, in fact, I think I probably asked him if the Attorney General's people had come over. He said, "Yes, they were busily going through all the files over in Colonel North's office."

Q Do you remember anything else about that briefing?

A No.

Q I assume it was an oral briefing?

A Yes.

Q You didn't take any notes, did you?

A No.

Q So he hadn't expressed any concern that North taking the documents out of his office over to the White House Situation Room might be a problem?

A I don't recall that. I had called Commander Thompson on Friday after the Attorney General called me, and I told him to supervise the pulling together, or to arrange to have the documents pulled together.

Q Now, with regard to the August 8, I think it was

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August 8, appearance that Colonel North had before the HPSCI committee, can you recall, Admiral, any attempts on Colonel North's part prior to that day to get in touch with you in order to review with you what he would be testifying on in his upcoming appearance before HPSCI?

A I don't recall that.

Q Do you recall him at any time after he appeared before HPSCI indicating to you or anyone else that he was upset that he had been unable to meet with you before he appeared before HPSCI to get some guidance from you as to what he should tell them?

A I don't think I'm aware of that. I was very busy, as I always was.

Q In that August time frame?

A Yes.

Q Were you on vacation by any chance in that August time frame?

A Yes. In fact, I was on my week's vacation the week that he met with them.

Q And you don't recall any efforts of him trying to reach you before you went on vacation or even while you were on vacation?

A He may have, but I don't think it came to my attention. I had a very protective outer office.

Q Had it been indicated to you that's why he wanted to meet with you and talk with you --

A I probably would have met with him.

Q Now, on the 20th, the meeting on the 20th of November with yourself and Director Casey and the Attorney General and others, there was testimony last week by Mr. Cooper that Ollie suggested a particular insertion with regard to --

A I read Mr. Cooper's transcript.

Q Did you in any way suggest to him, Colonel North, that he should make that insertion?

A No.

Q Were you aware prior to his making it that he was going to suggest it?

A I don't believe so.

Q And it is your testimony that upon his making it at that time you believed it was accurate?

A No, I didn't say that.

Q Tell us, if you will.

A I was unsure of what the facts were at that point, and I knew that he had been in contact with Mr. McFarlane, as I had asked him to be, and I don't think I had a chance to meet with him that day or just prior to the meeting.

As I recall, Colonel North came in later, after we had gotten started; and in front of all those people, I was not going to raise that issue. We had been concerned for some days at that point that Mr. McFarlane was not remembering what the circumstances were in Geneva.

Q Did you have any doubt in your mind as to the accuracy of what Colonel North was suggesting?

A You know, I don't -- Chuck Cooper mentioned that there was an insert handed out. I don't recall that insert. In fact, his whole description of what Colonel North prepared is not clear in my mind.

MR. LIMAN: What does that mean, not clear in your mind? You don't recall it that way?

THE WITNESS: I don't recall it. I simply -- he made a big issue in his testimony about Colonel North doing --

MR. LEON: It was an exhibit.

THE WITNESS: -- of introducing that insert, and I simply don't remember that.

BY MR. LEON:

Q His testimony was it was a CIA-proposed insert in the testimony and that during the course of reviewing it, Colonel North made a proposal that was penned in with regard to a certain portion of it, that is, as to the knowledge of the CIA, who was preparing a change to that from the no CIA knowledge prior to January to no one in the U.S. Government. That doesn't ring any bells?

[redacted]
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A You know, it may very well have happened that way. I don't remember an insert being discussed.

Q Can you tell us why it was that Peter Wallison hadn't been invited to that meeting? That's the counsel to the President.

A Because at this point, the whole issue, as far as I was concerned, was a political issue; it was not a legal issue. And with the exception of one point, and that was the primary reason in my mind the Attorney General was there, and that was to address the question of the President's exercising his constitutional authority or what we felt was his statutory authority under the Hughes-Ryan Amendment to delay notification until after the fact, to do it in a timely way. We knew that was going to be a controversial issue because Members of Congress had already indicated they were annoyed they hadn't been notified.

As I testified before, Ed Meese had offered to, as we were getting ready to debrief the committees on the Hill, he had offered to be of whatever assistance that I needed.

Q The morning of the 20th?

A No, he made that offer long before that. It was earlier in the month; I don't remember exactly when. And in the week leading up to the 20th, I had had a couple of conversations with the Attorney General, and when he came

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and participated in the meeting, my understanding of his main contribution would be on the question of giving Bill Casey enough ammunition to refute any contention that the President didn't have the authority to withhold notification.

Q Is that the end of your answer?

A I think I answered your question. Didn't I?

Q I think you have answered it.

Were you under the impression the Attorney General was there in part as a reaction to the President's press conference the night before?

A I don't think I was aware of that. In fact --

Q Had he indicated that to you in any way?

A He had not indicated that to me.

Q So it is your testimony Mr. Wallison's absence wasn't a conscious effort to keep out or freeze out the White House counsel's office?

A It wasn't a conscious effort. It is just the counsel to the President, even before Peter Wallison's time, did not get involved in finance.

Q Chuck Cooper testified Wallison expressed to both Thompson and Cooper how upset he was he hadn't been invited to that meeting. Did Commander Thompson relay that back to you?

A Probably. I knew Peter Wallison had been wanting

[redacted]

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to get into the issue earlier that month.

Q Cooper also testified that during that period of meeting that afternoon, Judge Sofaer from the State Department contacted Wallison and Cooper with regard to a potential conflict that he saw between Shultz and McFarlane, and I'm sure you are aware of that testimony --

A Yes.

Q Was it relayed to you that afternoon by anyone about this potential conflict?

A Yes. In fact, my recollection is that I knew about that conflict before that time, but it may not have been until then.

Q Well, let me take you back to that time. In late November, 1985, I believe you recall Mr. Cooper's testimony probably that they interviewed Secretary Shultz.

MR. LIMAN: Late '86 or '85?

MR. LEON: I'm going to get to an event in late '85.

BY MR. LEON:

Q When they interviewed Secretary Shultz on November 22, he had indicated that he had a conversation with McFarlane in late '85, November, '85, at which time McFarlane indicated to him that there were Hawk missiles about to be shipped, and, according to Mr. Cooper's recollection, Shultz indicated in that interview that he

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expressed his concern and being upset with that decision to McFarlane. Back then, in '85, November of '85, did Bud McFarlane ever inform you Shultz had been upset with the upcoming Hawk shipment?

A Not that I can recall.

Q Do you ever recall --

A They were both in Geneva; I was in Washington.

Q That's right. Do you recall talking to Mr. McFarlane at any time after that November, '85, period about Secretary Shultz's reaction to learning about the upcoming Hawk shipment?

A Other than from -- I think the first time that I had any discussion with Secretary Shultz on this subject was in early December of '85. I don't recall Mr. McFarlane -- he may have told me that, because I knew Secretary Shultz was not in favor of the Iranian ~~Israeli~~ initiative when we went into the meeting on the 7th of December. When Mr. McFarlane told me that, I'm not sure.

Q Do you have any recollection at that meeting of Secretary Shultz informing the President on that occasion that he had been upset with the Hawk shipment?

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A I don't recall. I don't recall the Hawks being discussed in that 7 December, '85, meeting.

(Recess.)

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BY MR. LEON:

Q Do you recall Secretary Weinberger at that meeting expressing concerns about legality of future shipments?

A Yes, I do.

Q Did he voice them to your knowledge strongly?

A Yes, he did. Both he and Secretary Shultz both opposed the plan strongly.

Q The AG wasn't present at that meeting, was he?

A That's correct.

Q Was there any discussion the AG should be brought in on that issue?

A There was no discussion of it. But on reflection, he should have been. I subsequently did bring him in on the issue.

Q Now, you testified, as I recall it, and you correct me if I am wrong --

A Excuse me. With hindsight, it is not clear that we should have recognized before the 7 December meeting the Attorney General should have been there because it wasn't clear there was a legal issue until that meeting.

Q You testified, as I recall it anyway, that you were unsatisfied with the November 26th Finding even though you had it signed? Is that accurate?

A That's correct. And, again, I cannot recall the

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circumstances of the signing. I was unsatisfied with that.

Q And I believe you have already testified, and correct me if I'm wrong, that you asked Colonel North at some point after it was signed to go to the AG at some point and get a better draft put together. Is that correct?

A That's correct.

Q Now, the AG was involved with regard to the January Finding, was he not?

A That's correct.

Q Do you have any knowledge as to whether or not the AG was ever presented with the November 26th Finding that was signed with an eye towards having him or his people put together a better version of that?

A I didn't. I don't know whether it came to his attention in any other way or not.

Q Do you remember seeing here on an earlier occasion exhibit, let me hand you my copy to refresh your recollection, Exhibit 38, which includes in it the January 3rd Finding, proposed Finding I should say? Do you remember seeing that in your deposition before?

A Yes.

Q And I would ask you in comparing that, Admiral, to Exhibit 120, the November 26th proposed Finding the CIA sent over, in comparing those two, would it be fair

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to say that the [illegible] proposed Finding that you have there is not, or doesn't appear to be, an attempted revision of the November 26th Finding?

MR. BECKLER: Do you understand that question?

THE WITNESS: I'm not sure.

MR. BECKLER: Does it appear to be an attempted revision? Why don't you ask him what he thinks it is rather than what it appears to be. What is this compared to this?

MR. LEON: That's fine.

THE WITNESS: The November 26th Finding, the one that was sent to me under a cover memo dated the 26th of November, was a Finding that was drafted apparently at the CIA. I don't think we had any input to that. It is a very inadequate description of the Iranian project.

Starting with the early January versions of what finally culminated in the 17 January Finding is an attempt to spell out in more detailed terms all of the aspects of the Iranian project.

BY MR. LEON:

Q So, do you have any recollection of seeing any attempt by anyone to revise and improve on the November 26th proposed Finding?

A No. In fact, that played a very small role.

Q Do you ever recall discussing with Colonel North m4 as to why it was that he hadn't followed through on your order in that regard?

A I'm not sure, order to --

Q Order to meet with the Attorney General and his people and come up with an approved version of the November 26th CIA Finding.

A I don't recall precisely my instructions to Colonel North, whether it would have included going back over this Finding, revising or starting fresh. I don't think that it would be fair to say my instructions would have been that explicit.

Q Let me shift to a different subject. You remember when the newspapers leaked the story in early November '86 of Bud McFarlane having been in Tehran?

A Yes.

Q You remember that?

A Yes.

Q Do you recall being informed shortly thereafter by Colonel North or Colonel Earl that the Prime Minister of Israel had directed Mr. Nir to contact Colonel North with a message for the President to the effect the President should deny to the American press Bud McFarlane's having been there or there had been any type of plan whatsoever?

A I don't recall it.

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Q You don't recall Colonel North telling you about that?

A You know, he may have. It just doesn't leave any --

Q Do you have any recollection what they were hoping Israel would do in reaction to that news story breaking?

A I don't think I knew what their reaction was. The only thing I can recall at the moment is what I have testified to this afternoon, that I was concerned the latter part of November that the Israelis not be surprised when the transfer of funds to the contras came out. Other than that, I don't recall any other reaction.

Q When you informed President Reagan -- I believe you testified you informed him at one point about the airstrip [redacted] -- who was it you had informed him had built the air strip? If you did.

A I don't recall that -- the only recollection I have of it is my note, which simply means the only thing I can conclude from it is that I told him [redacted] had agreed to allow the use of this air strip. I doubt seriously if we got into a discussion of the details of who built it.

Q Did you inform him the CIA had been involved in any way in assisting in the building of that air strip?

A I doubt that.

Q Did Colonel North inform you in August 1986 or any point thereafter of the meeting of Felix Rodriguez with Donald Gregg, the adviser to the Vice President, on August 8 of 1986?

A I'm not sure about that. Colonel North reported to me periodically. I mean, I can remember Rodriguez's name coming up several times. Whether he informed me of that meeting with Don Gregg, I don't know. He may have.

Q Did Don Gregg or Colonel Watson from the Vice President's staff at any time inform you of their meeting on August 8 with Felix Rodriquez and the follow-up meeting on August 12 with various members of the -- various members of the Department?

MR. BECKLER: Let me say at this point, do you have a whole series of memos that people informed him of all those things, or you don't have anything?

MR. LIMAN: He is not trying to hurt you.

MR. BECKLER: I'm just asking a question, Arthur. Thank you. Mr. Leon can answer for himself.

MR. LEON: Hold it.

MR. BECKLER: Is there any way we can shortcut any of this?

MR. LEON: One thing at a time. If the record is

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going to reflect Mr. Liman's comment he is not trying to hurt you, the record should also reflect my response to that, which is, one, I'm not here for the purpose of trying to hurt or help anybody. I'm here for the purpose of representing the Republican Members of the House Committee and trying to determine certain facts with regard to it.

I'm a little bit disappointed my colleague from the Senate would attempt to characterize what my objectives are in this deposition.

MR. LIMAN: I think you misunderstood my statement.

MR. LEON: Maybe I did.

MR. LIMAN: I do not think you are trying to hurt or trap Admiral Poindexter.

MR. LEON: I just don't have the time, I really don't.

As to Mr. Beckler's question, I do not have any memorandum relating specifically to those last few questions. If I did, I would have certainly produced them for your review. I'm trying to determine if he was informed on those subjects by Colonel North or his deputy. I'm trying to determine that.

THE WITNESS: Colonel North or Bob Earl may have informed me, I just don't remember it. I remember hearing about Rodriguez several times.

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BY MR. LEON:

Q Do you recall if Mr. Gregg or Mr. Watson came to you and relayed --

A I don't recall.

Q Fine. Let me ask you a question with regard to the structure of your office back in that time frame, 1986. Mr. Fortier was working for you during that time frame, wasn't he, a member of your staff?

A Until -- well, he was in the office until sometime in early May. Then he was hospitalized and never returned to the office.

Q Prior to May of '86, what responsibilities, if any, did he have to supervise Colonel North in his various assignments?

A Well, Mr. Fortier, as my principal deputy, one of his major functions was chairing the various interagency groups and also working on legislative strategy. In connection with legislative strategy for Central America, he would have had quite a bit of contact probably with Oliver North.

Q Would North have been expected to report to him on the matters --

A I don't recall specifically providing any guidance on that. I would not have been surprised if he had, but I don't know that he did.

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Q So would you say he had some supervisory responsibilities over Colonel North?

A Yes.

Q And do you have any opinion as to whether or not his departure during that time frame in 1986 affected your ability to monitor Colonel North's activities?

A Well, his departure put a large new burden on me. Operating without a deputy was difficult.

Q Were there any activities of Colonel North prior to Mr. Fortier's departure that Mr. Fortier had brought to your attention as being suspect or problematical?

A Not that I can recall.

Q Were there any activities of Colonel North after Mr. Fortier's departure that you, upon learning about after the fact, wished to have been warned of before they were carried out?

MR. BECKLER: I'm going to have to object. We are getting into the area of speculation, what would have happened if this happened and if it did and so on and so forth. If you have a question, he'll answer it.

MR. LEON: Let's put it this way. During the time frame from May of '86 to November of '86, do you recall any actions on the part of Colonel North that you learned about after they had taken place, that you would have objected to and wish to have had a chance to know prior to the fact they took place?

THE WITNESS: A few times.

Just to give you an example that comes to mind. I was disappointed in May of '86 for the Tehran trip they had taken any parts on the aircraft. They took about a third of the parts with the idea being they were to remain in U.S. custody. As I recall, I learned about that after the fact and was not particularly happy with that. But it was in the view of the people on the ground, and my general policy is to not to try to second-guess the people that are --

BY MR. LEON:

Q Was that related to the fact that you had indicated to Colonel North that you didn't want, until all the hostages were released, you didn't want any parts transferred over to the Iranians?

A That's correct.

Q That was inconsistent with your orders?

A Yes. But it was not something that I felt was entirely out of line. I would have preferred it not be that way. The plan that they had would have been consistent with my guidance. The mechanics of doing it made them vulnerable to having them taken away from them, which is what happened.

Q During the period that you were the National

Security Adviser to the President, was it your opinion there was a great amount of pressure on the White House to get the hostages released?

A Yes.

Q What were the various forms those pressures arose in?

A The media and from the families.

Q Was there a fair amount of contact with the families themselves?

A Yes, there was.

Q Who were the families contacting the White House through, if anyone?

A The State Department primarily was in contact with the bureaucracy in Washington and they had an office that was set up specifically for that. Ambassador Oakley played a large part, and his deputy, Parker Borg. And Colonel North handled most of the contact with the White House both from my standpoint and the President's standpoint and the Vice President's standpoint.

Q How were these pressures brought to the attention of the President?

A Well, he met with the hostage families individually when the opportunity presented itself. I can't recall he ever met with the whole group at once, but he did meet with individual families when he was traveling and going to be in an area where they were, he would invariably agree to meet with them if they asked.

Q Were you concerned that the President's decisions with regard to the Iran Initiative was being driven too much by his sense of compassion to get the hostages released?

A I think too much would be too strong a characterization. He was concerned about them as we all were.

Q You didn't feel he was too concerned?

A No, I don't think so.

Q You didn't see that as being the driving force behind his making the foreign policy decisions he made in the Iran Initiative?

A No. Because he clearly recognized the strategic importance of Iran. It was a factor, a major factor.

Q Did you at any point come to the opinion that Colonel North was too close to the families of the hostages and the pressures to get the hostages released such that it was affecting his attitude and performance with regard to hostage release projects and proposals?

A Well, Colonel North is a very dedicated person and once given a task he tries very hard to carry it out to the best of his ability. I think that's what he was doing. I didn't always agree with him.

Q Did you ever caution him maybe he should distance

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himself from the hostage families a little more in order he could be more objective about the proposals he was working on?

A I don't think so.

Q Do you know if anyone else did?

A Could be, I don't know.

Q With regard to Mr. Buckley and the release of Mr. Buckley, during the time you were Mr. McFarlane's deputy, Buckley was a captive and was in the process of being tortured. You were aware of that, were you not?

A Right. I'm not exactly sure at which point I learned he was tortured.

Q You did get reports at some point he had been removed to Iran and was undergoing interrogation and torture, did you not?

A Yes, we did. We were never quite sure of the validity of those reports.

Q Did you also receive reports that were supposedly tapes of these torture sessions?

A Yes. I don't think we learned that until after we had established the Iranian channel.

Q To what extent was --

A At some point we did learn that.

Q To the best of your recollection, to what extent was the desire to free Buckley a principal motivating factor

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in the President's Iran Initiative or the earlier shipments in late August through November of 1985?

A I wouldn't say that the President singled out Buckley any more than the rest of them.

Q You didn't view that as being a principal or driving factor?

A No, not distinguishing Buckley from the rest of them.

Q How about with Director Casey, did you have any knowledge or insight as to the effect that was having on him from the point of view of proposals he would make, suggestions he made to the President?

A I don't know the answer to that.

Q With regard to leaks, you were obviously during your tenure as the Deputy to Mr. McFarlane as National Security Adviser, you were concerned about leaks, were you not?

A I was.

Q Were leaks a major concern in general at the NSC, not just your own?

A Yes. It was a major concern with the President.

Q And how about congressional leaks, was that also a major concern?

A What do you mean by congressional leaks?

Q Leaks of classified information by congressional

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committees.

MR. BECKLER: You mean confidential information given to the Congress and leaked from Congress or to Congress?

MR. LEON: No, leaked from Congress. Was that a matter of concern for you while you were Deputy and later as the National Security Adviser to the President?

THE WITNESS: I don't -- it was a concern, but I don't want to single that out in proportion with my concern for leaks in general. I thought leaks came from Congress and the Executive Branch.

BY MR. LEON:

Q I think the question that you are likely to hear, and I think it is a question to ask you now, is to what extent was concern about leaks from Congress an influencing factor in the President's decision to not tell Congress in November of '86 about the Finding?

A Well, it was a very strong factor.

Q Was it discussed openly among the members at the meetings?

A I can clearly recall the President discussing it.

Q And had there been an history prior to that time frame, the November '85 time frame, had there been an history of congressional leaks, leaks from Congress, that you were aware of and could cite as examples?

A There probably were. No specific incidents come to mind. I can remember something specific after that.

Q Do you recall tasking someone on the NSC staff while you were Deputy to prepare a memorandum outlining leaks that had taken place in the past from Congress or for that matter, leaks from the Executive Branch with regard to sensitive national security matters?

A Yes. I can recall tasking Mr. DeGraffenreid to prepare one as I recall.

Q With regard to Mr. North, you made a comment in your first deposition, May 2nd, when you were being questioned about Colonel North as the switching point in the contra program, I think you made a comment to the effect that the contras during that timeframe could not have stayed alive, stayed going without the efforts of Colonel North. But as I recall it, you didn't expound on the reasons why.

Could you share with us some of the reasons why you feel Colonel North was indispensable during that timeframe of financial aid being withdrawn by Congress to keeping the contras alive?

A The Boland Amendment clearly prohibited CIA from providing the kind of advice and assistance that they had been providing after we encouraged them to band together to put pressure on the Sandinista government and to also help interdict arms. Those were both early objectives. And when the Boland Amendment cut the CIA out of the operation and cut off all funding, we were convinced with perserverence we could turn that around, but it was going to take time. And in order for the contras to survive as a viable force, they needed advice, assistance, they needed political help to get themselves organized so they could present a better picture to the American public, and without somebody on the NSC, which in my mind was not covered by the Boland Amendment, without somebody on the NSC staff providing that kind of function, I don't think they would have survived until we could get the hundred million dollars. They would have disbanded, I think, or been chopped up by the Sandinistas as soon as the Boland Amendment passed, the Soviets increased their arms deliveries, they started putting in the HIND helicopters.

Q Is it your view Colonel North was principally responsible for keeping them going at that time?

A That's my opinion. I think it is fair to say, although he can't be here to substantiate it himself, but Bill Casey agreed with me.

Q One last area I would like to comment on is the comment, I don't know if you saw it at all, but Mr. McFarlane was interviewed by Barbara Walters and later on when he appeared in public testified one of the questions that he had been asked and by Barbara Walters was revisited in his public testimony, that was about the impact of Vietnam on him, on Bud McFarlane, and his feeling it was an influencing factor on Colonel North with regard to his conduct, Colonel North's conduct as well as McFarlane's.

Do you share the same opinion he gave on that occasion?

A I think it had an impact. I think it had an impact on a lot of people.

Q How would you say it impacted on Colonel North from your perspective?

A I think it reinforced the problems and the danger, the long-term danger to the United States of deserting friends and allies.

Q Did you share McFarlane's assessment that North was driven to avoid that kind of abandonment happening again to the people --

A Well, I think we all were. I think I was that way, I think Bud was that way, Ollie was that way, the President was that way. We didn't want to desert the contras.

Q Did it ever come up in your discussions with the President, that the Vietnam experience and how it related to

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the contras?

A I don't recall that.

Q How about among your conversations with Bud?

A I think it probably did come up. I can't recall a specific conversation like that. The impact of Vietnam on the national security policymaking, not just within the Administration but within Congress and within the various branches of the Executive Branch of government, Vietnam played a very big role both ways.

Q Well, Admiral, I have to unfortunately dash off to another deposition.

MR. BECKLER: It is not unfortunate.

MR. LEON: Let me take this opportunity as I close and turn the forum back over to your host, Mr. Liman, for whatever he wishes to do, let me take this opportunity on behalf of the House Minority to thank you very much for your time and your effort here to answer these questions in the deposition. You have spent many hours before the committee now and staff, and we certainly appreciate the time that you have put in in your efforts to try and answer these questions.

I think it's important to note that for the record.

With regard to those memorandums that I have discussed before, we will make an effort to assist you to

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have access to those so that you can review them before your testimony.

BY MR. EGGLESTON:

Q I do have just a couple questions.

Let me ask you. You were asked by Mr. Leon some questions -- well, let me cover this. You have testified about a meeting which took place on November 20, 1986. I'm not going to ask you about the meeting because you testified about that several times now. After the meeting took place into the evening of November 20th, were you contacted by Mr. Cooper?

A I didn't -- in my preparations for this hearing, reading his transcript, I understand that I was. I don't remember it very clearly. I don't deny that I was, but I don't remember it very well.

Q Did you listen to the testimony of Mr. Cooper?

A I read most of it, watched other parts of it.

Q As of the end of the meeting on the 20th, I take it there was some agreement about -- one of the purposes of the meeting at least was to reconcile the fact so that you or Mr. Casey could testify consistently before the committees the following day. Is that a fair summary of at least one of the purposes?

A That is correct.

Q I take it by the end of the meeting there was agreement about how facts would be presented the following day. Is that --

A Well, I wouldn't say there was agreement because when the meeting ended I had some questions in my mind. The meeting -- frankly, it was too big, there were too many people there.

Q To reach a consensus?

A Well, to lay all the cards on the table.

Q Mr. Cooper has testified about a series of events that then took place during the evening of November 20th, various phone calls between himself and Mr. Sofaer and calls to the CIA and various other calls to reconcile some facts that were learned. Did you learn about those during the evening of the 20th?

A At some point I did learn about them, at least some of the telephone calls.

Q And did you learn about them on the evening of the 20th?

A I really don't recall the time frame. As I testified earlier, it seems to me I knew that Secretary Shultz's recollection of November '85 was different from Mr. McFarlane's earlier than the 20th, but it might have been after the evening of the 20th.

Q How many people were at the meeting on the 20th?

A Bob Gates, Bill Casey, Ed Meese, Cooper, North, m22 me, and I can't remember whether -- it seems to me there were one or two other people, probably from my staff, I'm not sure. Commander Thompson was in and out of the meeting.

MR. BECKLER: Is that the best you recollect?

BY MR. EGGLESTON:

Q I take it that's the best you recall.

A Yes.

Q When you testified a few moments ago the meeting was too large to lay the cards on the table, what did you mean by that?

A I had only met Mr. Cooper earlier, I had no idea who he was, how close he was to Ed. His presence laid a note of caution on me. Frankly, Mr. Gates' presence also. And, as I said, at that point I had reports from Colonel North as to Mr. McFarlane's recollection in November, which I didn't think was accurate, and I didn't care to surface that point in front of the -- if it had been Ed Meese, Bill Casey and I sitting down together I would have raised it, but with the other people there I was unwilling to raise it.

Q Let me ask you specifically. What was it that you would have raised?

A I would have raised the fact that Bud's recollecti was what Colonel North was reporting. See, my recollection at that point of the events of November '85, I simply didn't remember the Hawk shipment, nothing about it in November. I would have raised that what Colonel North was reporting was what Bud remembered, and I was uncertain that that was right.

Q I'm sorry to do this in such a tedious way, but when you say "what North was reporting", what do you mean by that? What is it you recall North was reporting.

A Well, he was reporting Bud couldn't remember anything about any prior knowledge of Hawks in November of '85.

Q Was Colonel North reporting that the United States Government's knowledge was it was oil drilling equipment? Is that what you remember about what it was North was reporting?

A At this point I'm not sure of what I remembered in November of '86. But at some point I did recall that oil drilling equipment had been used I believe in conversations Colonel North had with the CIA in November '85. I think that was the cover that he probably used in talking to the CIA about the proprietary.

Q How was what Colonel North was reporting about the November '85 events, how was that inconsistent with your recollection of those events?

A Well, my recollection was, as I said, very fuzzy. I frankly at that point didn't know what the truth was.

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I guess I doubted that oil drilling equipment -- that didn't sound very logical in November '86, and I didn't think that was accurate. I just didn't feel at that point we were getting a straight story out of Mr. McFarlane. It may very well be he couldn't remember either. I felt he was in a better position to remember, because he had been in on a critical meeting in August of '85 that I missed with the President when this thing started.

Q Is it your recollection in this meeting on the 20th you had already learned Shultz had a recollection it was Hawk missiles.

MR. BECKLER: I'm going to object. We went over this meeting before. We are on the tenth minute right now. Enough is enough. You will have four or five days of public testimony to hammer away, and I'm sure you will. At this point we are ready to close down here really.

MR. EGGLESTON: I will move off that meeting.

When I started, I really anticipated I would only take 10 minutes or so but some of your responses were not what I anticipated.

MR. BECKLER: It is all our fault.

Let the record reflect Mr. Liman is not involved in this examination process.

MR. LIM~~O~~AN: Only in a very destructive way.

MR. SMALL: Get that on the record.

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MR. BECKLER: It is on the record.

BY MR. EGGLESTON:

Q Did anyone ever ask Ronald Reagan whether he recalled there were Hawk missiles on the airplane in November 1985 or whether he knew about it as of the time?

A I did not ask him.

Q You testified on May 2nd that you met with Colonel North and he briefed you from a notebook that he had. I think it is your recollection that you thought he was going to destroy the notebook.

A That's right.

Q Did you have any understanding he was going to destroy anything in addition to the notebook?

A Not from that particular incident. And I didn't have any specific knowledge that he was going to destroy anything else. I would not have found that particularly inconsistent in terms of working documents, private records.

Q Well, did you believe he was going to destroy documents as a result of the investigation about which he had then been advised?

A It wasn't an investigation. I would not characterize it that way at all. It was an inquiry or factfinding to resolve the problem that we had. As I recall, this was the way it was presented to the President

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on that Friday morning at 11:30 when Don and I were there.

MR. BECKLER: Let's not argue about that.

MR. EGGLESTON: I'll accept your characterization.

MR. BECKLER: I think his testimony about destruction, what he thought of it was covered May 2nd. There is nothing more to say about it.

MR. EGGLESTON: I read it over to make sure I wasn't going to ask additional questions, I think just about that particular notebook. I don't think he was asked whether he believed Colonel North was going to destroy other documents.

THE WITNESS: I didn't know that to the best of my knowledge.

BY MR. EGGLESTON:

Q Do you know whether anybody else over that weekend in addition to yourself or Colonel North destroyed documents?

A Not that I know of.

Q The statute which provides for notification to Congress has a provision which permits notification towards what they frequently call the Group or Gang of Eight. To your knowledge, has that procedure been used?

A Yes. Well, wait a minute. In the context of a Finding? I think we started to one time, and I'm not quite sure, I think we eventually decided to go ahead and notify the committees. We were very cognizant of that possibility. It may or may not have been used. I can't remember.

Q So you have no recollection whether the mechanism which provides for notification to a small group, just a Group of Eight, whether that has been used or not?

A I know at one point we planned to use it, not related to this but related to something else. I'm a little bit hazy as to whether it actually happened. I'm unsure.

Q I just have one other area to ask you about, and it is about four questions worth. It is very narrow.

In March of 1986 there has been some testimony at the hearings about this investigation which was being conducted by the U.S. Attorney's office in Miami on Costa Rica. There has been testimony from Bob Owen, I think Lew Tambs and [redacted] testified about a trip that was taken down to Central America, down to Costa Rica by people from the U.S. Attorney's office.

Are you familiar with any of that testimony that has come out during the course of the hearings?

A I remember parts of it.

Q Were you briefed in March or so, in the spring of 1986, about that investigation?

A I don't recall it.

Q Do you recall whether you ever discussed it with Lowell Jensen, who was then with the Department of Justice?

A As I said, I don't recall it. I talked to Lowell several times.

Q I asked the follow-up question to see whether that would refresh your recollection.

A No, it doesn't.

Q The last question I have for you is: You indicated in response to some questions from Mr. Leon that you viewed Colonel North's activities on Central America as being significant in keeping the movement alive. And you said you also thought Mr. Casey viewed his actions in the same manner. Did you ever discuss with Mr. Casey what Colonel North was doing in Central America?

A No.

Q Do you know whether he had knowledge you had of what Colonel North was doing?

MR. BECKLER: If you know.

THE WITNESS: I don't know that.

BY MR. EGGLESTON:

Q You must have had some credit to your statement to Mr. Leon you thought Mr. Casey viewed Colonel North's actions in Central America in the same fashion.

A Yes.

Q What was that?

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A There was one incident that made me realize that Director Casey either knew or speculated a great deal, and that was that Colonel North reported to me -- have I testified to this before?

MR. BECKLER: It doesn't ~~many~~ make any difference. Go on.

THE WITNESS: At some point, I can't remember exactly when it was, but Colonel North reported to me that Director Casey had stopped by his office one evening and told Colonel North that he wanted to purchase an aircraft for the contras with his own private money. Colonel North reported to me that he was a little surprised Director Casey had come to him, but that led us both to believe, or led me to believe, and I think Colonel North, that Director Casey was pretty aware of some of Colonel North's activities. It was not something that I openly discussed with Director Casey. As I said before, I didn't want him to be in a position of having detailed knowledge and having to be evasive up here on the Hill.

MR. EGGLESTON: Thank you. I have nothing else.

MR. BECKLER: Thank you very much, gentlemen.

MR. LIMAN: Any statements you want to make?

MR. BECKLER: No, questions.

(Whereupon, at 5:30 p.m., the deposition was adjourned.)

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